CITY OF LANSING

2008 Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED JUNE 30, 2008



VIRG BERNERO, *Mayor*Gerald Ambrose, *Acting Director of Finance*

Prepared by: Department of Finance

LANSING CITY GOVERNMENT

2008

MAYOR

VIRG BERNERO

CLERK

CHRIS SWOPE

DISTRICT COURT JUDGES

PATRICK F. CHERRY CHARLES F. FILICE AMY KRAUSE FRANK J. DELUCA LOUISE ALDERSON

AT LARGE

DERRICK QUINNEY KATHIE DUNBAR BRIAN JEFFRIES CAROL WOOD

CITY COUNCIL

BY WARDS

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|----------------------|
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| Antonia Kraus |
| Gerald Ambrose |
| Gerald Ambrose |
| William Cochran |
| Joan Jackson Johnson |
| Arnie Yerxa |
| Murdock Jemerson |
| Terri Singleton |
| Robert Johnson |
| Mark Alley |
| Chad Gamble |
| |

INTRODUCTORY SECTION

City of Lansing, Michigan

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FINANCE DEPARTMENT

831 City Hall, 124 W. Michigan Ave. Lansing, Michigan 48933 (517) 483-4500

Council President Brian Jeffries and Council Members 10th Floor City Hall Lansing, Michigan 48933-1694 December 19, 2008

Dear President Jeffries and Council Members:

We are pleased to submit the comprehensive annual financial report of the City of Lansing, Michigan for the fiscal year ended June 30, 2008. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations government wide and of the various funds of the City. This management assurance is supported by a comprehensive system of internal controls designed to reasonably ensure that assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of these financial statements in conformity with generally accepted accounting principles. Such controls include appropriate policies and procedures, ongoing risk assessment, and monitoring and review processes which are communicated throughout City operations. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This letter of transmittal is designed to complement the Management Discussion and Analysis and should be read in conjunction with it. The Management Discussion and Analysis can be found immediately following the Independent Auditor Report

The financial reporting entity (the City) includes all of the funds and of the primary government (i.e., the City as legally defined), as well as its blended component units. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. The Lansing Building Authority is a blended component unit. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Lansing Entertainment & Public Facilities Authority, Tax

Increment Finance Authority, and the Brownfield Redevelopment Authority are reported as discretely presented component units.

The City of Lansing provides a full range of services, including police and fire protection; sanitation services; the construction and maintenance of highways, streets, sewers, and infrastructure; recreational activities and support for human services and cultural events.

Serving as Michigan's capital since 1848, Lansing was incorporated in 1859 and operates under provisions of Public Act 279 of 1909, as amended (the "Home Rule City Act"). The City is located in the lower middle of Michigan's Lower Peninsula and operates under a strong Mayor form of government established by 1978 Charter revision. It is a mature core City with a population of 119,286 according to revised 2000 Census figures.

ECONOMIC CONDITION AND OUTLOOK

City of Lansing Economic Overview.

In three years of work in the capitol city:

149 city incentives were used.

\$187,922,941 is the value of these incentives (not costing the city a dollar by the way). \$650,897,073 total estimated private investment created in the city.

4,001 estimated jobs created.

1,794 estimated jobs retained.

123 business retention visits completed in 2008.

As one prominent developer put it, "It's like downtown Lansing has a bubble around it protecting it from the economic turmoil. It's about the last place in the state to safely invest." Perhaps more than ever, Lansing has become the state's "Michigan Miracle" in economic development, though the city certainly will not escape entirely the economic peril of the state and nation. But the city's traditional employment bookends- the state of Michigan and Michigan State University, filled in by the two hospital systems, Cooley Law School (the nation's largest) and Lansing Community College, will help alleviate the city from severe unemployment and economic downturn.

Additionally, the city's major economic development projects appear to have been completed and started just before the credit crisis.

ACHIEVEMENTS:

The \$182 million national headquarters for Accident Fund, in the long abandoned riverfront PowerStation, has broken ground and is self-financed. Completion date is first quarter 2011. This project will employ over 500 construction workers for two years and will help create 500 new professional jobs for Accident Fund once the project is complete.

- a. The Michigan State Trooper building is also half way complete and will be ready for occupancy on January 1, 2010 bringing 550 new employees to the city of Lansing and its downtown.
- b. Jackson National Life's incentives for their national headquarters expansion was approved this year and should result in at least 800 new employees as new construction is scheduled to begin in 2012.
- c. The new downtown \$1.6 million city market will begin construction on April 1, 2009 to be completed by October 1, 2009. At the completion date, the \$24 million mixed use Market Place project will commence, under a 3 5 year development phase.
- d. The Capitol Club Tower, the city's tallest downtown building to be constructed in over 70 years, is still very much a go and should begin construction in the spring of 2009. Minimum \$22 million project.
- e. Niowave, Neogen, Emergent Biosolutions, XG Sciences, Spartan Internet are but a few of the growing bio-tech and high tech businesses that have announced growth numbers throughout this year.
- f. There are many small manufacturers and businesses seeking to locate in more affordable buildings in the city, utilizing our tax incentives. Some of these businesses include Smart Office Systems, S & S Tool and Die and CareerQuest.
- g. While it may seem counterintuitive to speak in a positive way about the auto industry, Lansing can be positive. Lansing is home to two new auto assembly plants, a new metal fabrication plant and a half a dozen new suppliers. No doubt, employment and production will ebb and flow, but this city is the pinnacle of the future of American auto making because of the unusually excellent labor/management relations and, most importantly, because of the good selling vehicles still made here. Whether the company of GM continues or morphs into something else, the top company assets remain here and very viable. The top selling vehicles at GM are made here.

Perhaps most importantly, is to note the long term trends that are in favor of further development in the city, versus the typical and damaging urban sprawl of the last 50 years. Out-of-state companies, particularly in the manufacturing sector, that once looked for 25 acres on interstate interchanges in the surrounding townships, is an industry gone forever. Companies that are still expanding, tend to be good, local companies, looking for affordable buildings, good incentives and an urban environment that their new and younger workforce craves- That tends to be the city of Lansing. In addition, under the assumption that high gas prices will be an overall reality of our future and that

Michigan's overall population will continue to slowly decline, developments of the past like new housing in the townships (100 houses on a hundred acres of farmland) will also not entirely come back. Thus, both the population and business leakages from the city, that has sustained surrounding township growth and eroded our city's sustainability over the last 50 years, will finally be alleviated.

Lansing is also innovating. Linking Lansing and "U" is a new economic initiative by Mayor Bernero, which directly connects city lifestyle and job opportunities with Michigan State University (MSU) college grads who otherwise were more likely to leave the area upon graduation. In the program's first full year, over 500 MSU students, who had never been to Lansing, let alone linked with the many job opportunities here, were connected to city of Lansing events, job shadowing and internship programs.

Another innovative program called Information Technology Empowerment Center (ITEC), created by Mayor Bernero, took a vacant elementary school, in the heart of a Lansing neighborhood and, through partnerships between the city, MSU, the Lansing School District and several private IT firms, created a laboratory of high tech learning between young Lansing kids, MSU's Computer Science Department and real IT firms. The goal is to provide a learning environment that unleashes the possibilities and creativity of city students who, otherwise, may not see the world and value of IT.

Finally, Downtown Lansing and Old Town continue to blossom in economic growth terms in ways not seen in over 40 years. Many to nearly all once-empty buildings have been recently purchased and rehabilitated by a generation of young entrepreneurs who are fierce about placing, not only retail, but the right kind of retail, in the first floors while always utilizing higher floors with new loft, apartment and condo development. On Washington Square, the main street of downtown Lansing and in Old Town, retail vacancy rates are under a very healthy 10% while residential populations, in and around downtown, are exploding with hundreds of new units that sell out before construction is completed, creating a whole new attractive and a disposable income-related residential activity. Nearly all of these projects are heavily supported by the city's economic development incentives.

While it was a good year in 2008, it is also useful to re-examine the other economic initiatives, over the last three years, which are beginning to pay dividends to the city:

- 1) A greatly upgraded economic development office staff for the city.
- 2) The successful adoption of a joint Lansing/East Lansing TIF district in the newly created Lansing Regional SmartZone that just received a \$2 million EDA grant for infrastructure development. MSU is matching the grant with another \$2 million investment.
 - 3) The adoption of a Tool and Die Recovery Zone.
 - 4) The award of a federal grant to put in place a historic district downtown.
- 5) The formal announcement of the state's first multi-jurisdictional Corridor Improvement District on the critical Michigan Avenue corridor, which directly connects

downtown East Lansing and Michigan State University with the capitol building downtown Lansing.

- 6) The Principle Shopping District (PSD) has been entirely re-organized, has created a series of new events for downtown and has great, new leadership.
 - 7) The on-going Grand Action plan that will redevelop the Grand River.
 - 8) Beautification efforts in the downtown.
 - 9) Mayor Bernero's "Go Green" environmental initiative.

From last year's challenges list, the city has proactively solved problems:

- 1) The downtown Tax Increment Finance Authority's (TIFA) bond obligations are on schedule to be re-financed, saving the city's General Fund from having to make re-payments.
- 2) Also, to address funding problems in the arts community, the city created an Arts and Culture matching loan fund and helped save the Boarshead Theater building.
- 3) The majority loan fund, suspended for a year, has paid regularly to the Lansing Economic Development Corporation (LEDC) the entire year of 2008.
- 4) Finally, the LEDC and Mayor's Office are creating a Neighborhood Enterprise Zone and have put together other strategies to try to address the Eastside Village problem of eventual brownfield bond repayments potentially due in 2010.

But, clearly, there are remaining challenges:

With the emerging credit crisis, recession and severe decline of the American auto industry, obviously Michigan and Lansing will be impacted. In Lansing's case, one can expect a 10% plus reduction in the 5,500 GM workers. One can also expect a 20% plus reduction in the 3,000 auto supplier jobs. Lansing's retail sector, especially in South Lansing, will continue to be damaged as will, to a lesser extent, office. Office in downtown should remain consistently good. State government may actually be in a consolidation mode downtown with another 600,000 sq. ft available and targeted by the Michigan Department of Management and Budget (DMB). Also, the state is under federal and market-driven pressure to hire hundreds of new, younger employees.

Here are further challenges:

CHALLENGES:

- 1) The city endures a 24% poverty rate.
- 2) Updated census figures show another residential decline in city population, dipping below the 115,000 level from near 120,000.
 - 3) The Lansing School District saw further student enrollment declines.
- 4) The south side of Lansing, where 60% of the city's population lives and where most retail activity takes place, is experiencing a 20% plus retail vacancy rate.
- 5) As across the country, housing sales and values have decreased and Lansing is experiencing a very high foreclosure rate.

- 6) While the downtown is strong in redevelopment activity, retail development is focused on restaurant development, not on true store growth. Also, while Class A office space vacancy is very low, Class B and C vacancy rates remain very high, sometimes above 40% averages.
- 7) Despite some growth potential of state government, the downtown is also too dependent on state government. While the state remains an obvious anchor to the downtown, efforts must be redoubled to retain and grow a dwindling private sector. This must include a strategic effort to retain and recruit state associations, corporate headquarters and IT firms to downtown. It is entirely unproductive for the region to grow (read: flatten out and disappear) with these types of firms spreading from the downtown to outlying areas. Utterly, the region will only succeed in the 21st century if there is a strong re-concentration of private development in downtown Lansing (and in East Lansing's downtown for that matter), by a growing, skyline-changing, interesting cluster of buildings that makes the region visible, symbolically and in real terms, as a genuine cosmopolitan area, attractive to younger people and high growth industry. This is the only way to truly grow the entire region, especially the suburban areas.
- 8) The downtown and, in particular, attempts to retain and attract corporate headquarters and newer and bigger convention business to the Lansing Center, continues to be badly damaged by a Radisson/City of Lansing non-compete agreement that seemingly does not allow for any downtown development that includes incentives to support new downtown hotels.

As is the case with other urban municipalities, the City has faced significant challenges since the State's economic downturn in 2001, which has affected the State's financial support to municipalities and has resulted in reductions in the area's labor force and wage levels. The resulting, prolonged, reduction in City General Fund revenues, coupled by rising costs such as fuel, healthcare, and pension benefits has resulted in a structural deficit between projected revenues and expenditures which is expected to persist for several years to come. To address this structural imbalance between the growth rate of revenues and expenses, since taking office in January, 2006, Mayor Bernero has taken several actions:

- Placing an emphasis, the success of which being previously discussed, on economic development, in attracting and retaining both businesses and residents
- Partnering with other organizations to regionalize certain services that were once funded solely by the City, but which benefit the entire region. In 2007, a lease agreement was entered into with Ingham County for the operation of Potter Park Zoo, which had been subsidized by nearly \$1.5 million annually by the City's General Fund. The City is in the process of working out partnerships with nonprofit organizations to operate Fenner Nature Center and the Turner Dodge House
- Making technological investments, including a new phone system, an integrated payroll system, and several software programs, to increase efficiencies and customer service

- Continuing to work with the City employees and labor unions to educate about, and to address, the rising costs of healthcare, pension, and fuel costs
- Reducing staff by over 100 positions by means of attrition
- Living within the City's means by proposing budgets that do not rely on General Fund reserves or raising tax rates and by managing to the amount of revenue received

BRIGHT OUTLOOK:

Mayor Bernero and the LEDC have crafted many, aggressive strategic plans that focus on immediate project developments as well as long term solutions. Statistical evidence supports the success of this program already. Lansing is experiencing a market-driven rebirth, it is one of if not the strongest markets in Michigan. Stability in unemployment figures, continued small business growth across industry and underway downtown projects may assist the city in counteracting the retail sector and GM crisis.

OTHER INFORMATION

Budgeting Controls. The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. The City also maintains an encumbrance accounting system, whereby purchase orders amounts are deducted from the available budget, as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end and require Council approval to be carried forward to the ensuing fiscal year for amounts greater than \$5,000 or greater than eight months old. The budget is adopted at the activity level within each department.

Risk Management. The City carries all-risk coverage on all real and business personal property. The total coverage is \$485 million with a \$25,000 self insured retention. Workers Compensation is self insured with excess reinsurance coverage for claims exceeding \$500,000 from the State Accident Fund. The City carries liability coverage in the amount of \$16 million per occurrence.

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Rehmann Robson, was selected by the City's Audit Committee. In addition to meeting requirements set forth in State statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133. The auditor's report on the general-purpose financial statements and schedules is included in the financial section of this report.

<u>Awards.</u> The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. This was the 30th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of this comprehensive annual financial report, on a timely basis, was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for their contributions made in the preparation of this report and in the financial management of the City. The 30th consecutive GFOA award, recognizing their efforts, is well deserved indeed.

Sincerely,

Virg Bernero

Mayor

Gerald Ambrose Director of Finance Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lansing Michigan

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2007

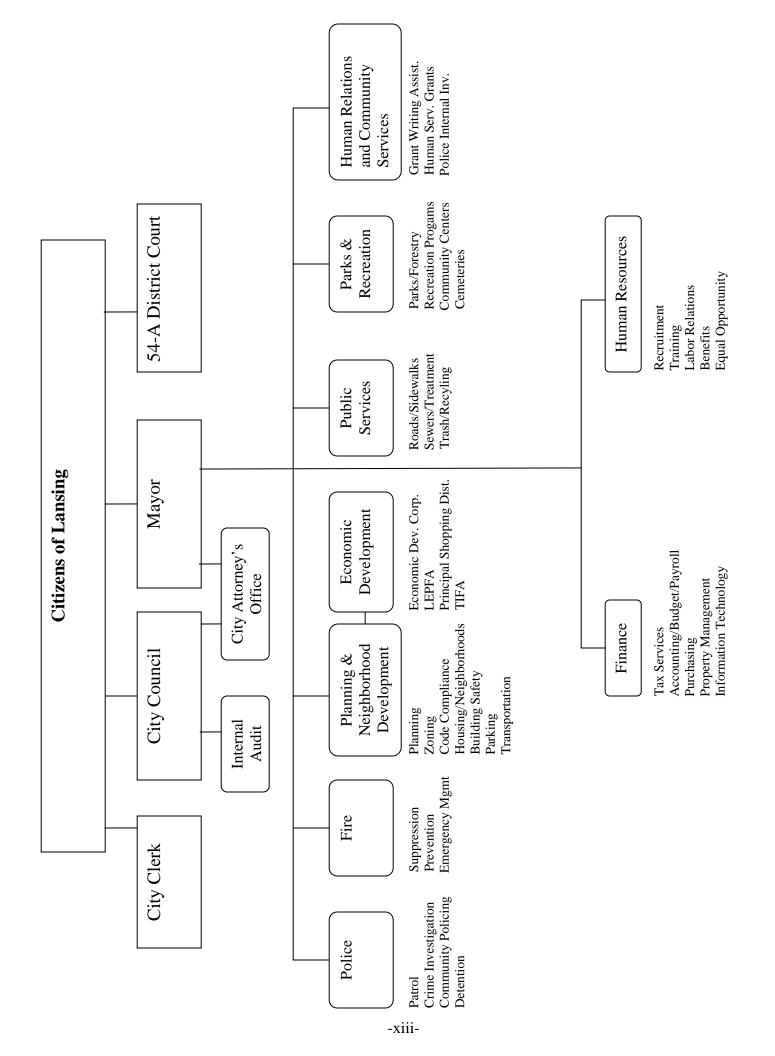
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers
Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Olme S. Cax

fry R. Ener

President

Executive Director



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

December 19, 2008

Honorable Mayor and Members of the City Council City of Lansing, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the *City of Lansing, Michigan*, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lansing's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lansing, Michigan, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2008, on our consideration of the City of Lansing, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, in a separately issued single audit report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3-12 and the historical pension supplementary information for the Employees' and Police and Fire Retirement Systems listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and do not express an opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Lansing's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Rehmann Lobson

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Lansing, Michigan ("the City") provides this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008 for the benefit of the readers of these financial statements. This management's discussion and analysis ("MD&A") is intended to assist the reader in focusing on significant financial issues and provide an overview of the City's financial activity. The City encourages the readers to consider the following information here in conjunction with the financial statements taken as a whole, which follow this section.

HIGHLIGHTS

Government-wide:

• The assets of the City exceeded its liabilities at the close of the fiscal year by \$444.2 million (reported as *net assets*). Component units of the City reported a deficit of net assets of \$38.6 million, a decrease of \$2.7 million from the previous year. This deficit is planned to be covered by future tax revenue captures in the TIFA Fund and Brownfield Fund.

Fund Level:

- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$42.0 million. Of this, \$39.9 million is reported as unreserved fund balance. While reported as "unreserved" on the face of the Governmental fund Balance Sheet, \$7.5 million of the \$39.9 million is designated for use in FY 2008/2009, and \$2.1 is restricted in accordance with State laws, local ordinances, and trust restrictions, leaving \$32.4 million as undesignated.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$4.8 million, an increase of \$.4 million. General Fund expenditures came in \$346,302 less than revenues. Unreserved/undesignated fund balance increased by \$409,023, or 9.4% of revenues
- The business-type activities reported net assets at year-end of \$225.7 million, a decrease of \$5.3 million during the year.

Debt:

• The City's total debt was \$263.9 million at June 30, 2008, a decrease of \$1.4 million, which represents the net difference between new issuances, and payments and refunding of outstanding debt. During the year, the City issued debt of \$21.7 million, including \$6.7 million in limited tax general obligation bonds for its Combined Sewer Overflow (CSO) abatement project, and refunded \$9.2 million of limited tax general obligation bonds. More detailed information regarding these activities and funds can be found in footnote 3-G, Long Term Debt which begins on page 49.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is an introduction to the City's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide Statements (Reporting the City as a Whole) These statements include all non-fiduciary assets and liabilities, but exclude assets and liabilities related to pensions. The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the City, as a whole, and about its activities, which provide measurements of long term trends that should help answer this question: Is the City, as a whole, better off or worse off as a result of this year's activities? Unlike the governmental funds, the current year's revenues and expenses are taken into account regardless of when cash is received or paid, known as "full accrual accounting".

The Statement of Net Assets (page 13) presents all of the City's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets are an indicator of whether the City's long term financial position is improving or deteriorating.

The Statement of Activities (pages 14 and 15) presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The Statement of Net Assets and the Statement of Activities report three activities, as follows:

- Governmental Activities Most of the City's basic services are reported under this category.
 Property taxes, income taxes, and intergovernmental revenues generally fund these services.
 The Council (legislative branch), the District Court (judicial branch), and general operations of the executive branch departments, such as police, fire, parks, public works, and staff departments fall within the governmental activities.
- Business-type Activities The City charges fees to customers to help cover all or most of the cost of certain services it provides. Sewage collection and treatment and commercial area parking are examples of business-type activities.
- Discretely Presented Component Units Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City has three such discretely presented units; the Lansing Entertainment and Public Facilities Authority, the Tax Increment Finance Authority, and the Brownfield Redevelopment.

These financial statements include two schedules (pages 17 and 19) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities (full accrual accounting) on the appropriate government-wide statements. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Certain revenues that are earned, but not available for use within the reporting period, are reported as revenues for governmental activities, but are reported as deferred revenue on the governmental fund statements.
- Other long-term assets that are not available to pay for current period expenditures are deferred in governmental fund statements, but not deferred on the government-wide statements.
- Internal service funds are reported as governmental activities, but reported as proprietary funds in the fund financial statements.

- Bond issuance costs, discounts and premiums in the issuance of long term debt, are reported
 as expenditures in governmental fund statements, but are capitalized and amortized in the
 government-wide statements.
- Unless due and payable, long-term liabilities, such as capital lease obligations, compensated absences, litigation, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending in excess of capitalization thresholds are recorded as capital assets
 on the government-wide statements, but are reported as expenditures on the governmental
 fund statements.
- Bond and note proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.
- Certain other outflows, such as debt service principal payments, represent decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental fund statements.

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 30 of this report.

Fund Financial Statements (Reporting the City's Major Funds)

The City's Major Funds are identified as its Sewage Disposal Fund, and it's Parking System Fund, along with its General Fund. The major fund financial statements begin on page 16. In addition to major funds, individual fund data for the non-major funds begins on page 67. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to keep track of specific sources of funding and spending for a particular purpose.

- Governmental funds -- Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are greater or fewer financial resources that can be spent in the near future to finance the City's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds include the General Fund and special revenue, capital project, debt service, and permanent funds.
- Proprietary funds -- When the City charges customers for the services it provides, whether to outside customers or to other agencies within the City, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize full accrual accounting; the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public. Examples are the Sewage Disposal Fund and the Parking Fund. Internal service funds are reported as governmental activities on the government-wide statements.

• Fiduciary Funds -- The City acts as a trustee or fiduciary, for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets beginning on page 25. These funds, which include pension and other employee benefit funds, are reported using full accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent spendable assets of the City to finance its operations.

Additional Required Supplementary Information

Following the basic financial statements is additional Required Supplementary Information that further explains and supports the information in the financial statements. The Required Supplementary Information includes budgetary comparison schedules reconciling the statutory and generally accepted accounting principles (GAAP) fund balances at fiscal year-end, and required pension supplementary information.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, non-major proprietary, and fiduciary funds. These funds are added together, by fund type, and presented in single columns in the basic financial statements, but are not reported individually, as with major funds, on the governmental fund financial statements.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

The City's combined net assets decreased \$11.4 million over the course of this fiscal year's operations to a total of \$444.2 million. The net assets of the governmental activities decreased \$6.1 million or 2.7% and business-type activities decreased \$5.3 million or 2.3%.

Net Assets as of June 30,

| | | (in mi | llions | of dollars | s) | | | | | | | |
|---|----------------------------|--------|-----------------------------|------------|----|-------|-----------------------------|-------|----|-------|----|-------|
| | Governmental Activities | | Business-type Activities | | | pe | Total Primary Government | | | | | |
| | | 2008 | | 2007 | | 2008 | | 2007 | | 2008 | | 2007 |
| Assets | | | | | | | | | | | | |
| Current and other non-current assets | \$ | 77.2 | \$ | 73.3 | \$ | 78.1 | \$ | 99.8 | \$ | 155.3 | \$ | 173.1 |
| Capital assets | | 223.5 | _ | 221.4 | | 375.4 | | 359.1 | | 598.9 | _ | 580.5 |
| Total assets | \$ | 300.7 | \$ | 294.7 | \$ | 453.5 | \$ | 458.9 | \$ | 754.2 | \$ | 753.6 |
| Liabilities | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | |
| Long-term liabilities | \$ | 56.7 | \$ | 52.3 | \$ | 219.7 | \$ | 218.7 | \$ | 276.4 | \$ | 271.0 |
| Other liabilities | | 25.5 | _ | 17.8 | _ | 8.0 | _ | 9.2 | _ | 33.5 | | 27.0 |
| Total liabilities | \$ | 82.2 | \$ | 70.1 | \$ | 227.7 | \$ | 227.9 | \$ | 309.9 | \$ | 298.0 |
| Net assets | | | | | | | | | | | | |
| Invested in capital assets, net of related debt | | 187.1 | | 184.1 | | 178.5 | | 166.3 | | 365.6 | | 350.4 |
| Restricted | | 34.5 | | 37.7 | | 30.8 | | 35.8 | | 65.3 | | 73.5 |
| Unrestricted (deficit) | | (3.1) | | 2.8 | | 16.4 | | 28.9 | | 13.3 | | 31.7 |
| Total net assets | \$ | 218.5 | \$ | 224.6 | \$ | 225.7 | \$ | 231.0 | \$ | 444.2 | \$ | 455.6 |

The largest component (82.3%) of the City's net assets reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt outstanding that was needed to acquire or construct the assets. Restricted net assets are the next largest component, comprising 14.7%, and are subject to external restrictions such as bond covenants, City Charter, State legislation or Constitutional provision. The remaining portion, unrestricted net assets are resources that may be used at the City's discretion, but often have limitations based on policy action.

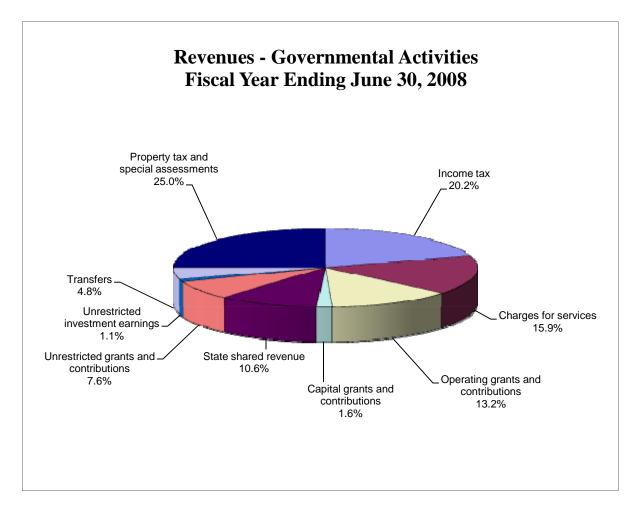
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City's net assets changed during the fiscal year:

Change in Net Assets for the Fiscal Year Ended June 30, (in millions of dollars)

| | Governmental Activities | | | Business-type Activities | | | | Total Primary Government | | | | |
|--|----------------------------|--------|----|-----------------------------|----|-------|----|-----------------------------|----|--------|----|-------|
| | | 2008 | | 2007 | | 2008 | | 2007 | | 2008 | 2 | 2007 |
| Revenues | | | | | | | | | | | | |
| Program revenues | | | | | | | | | | | | |
| Charges for services | \$ | 24.6 | \$ | 24.4 | \$ | 43.5 | \$ | 43.6 | \$ | 68.1 | \$ | 68.0 |
| Operating grants | | 20.4 | | 16.5 | | | | | | 20.4 | | 16.5 |
| Capital grants | | 2.5 | | 2.2 | | .2 | | .2 | | 2.7 | | 2.4 |
| General revenues | | | | | | | | | | | | |
| Taxes | | 69.8 | | 66.6 | | | | | | 69.8 | | 66.6 |
| State shared revenue | | 16.5 | | 16.4 | | | | | | 16.5 | | 16.4 |
| Unrestricted Grants and Contributions | | 11.7 | | 10.8 | | | | | | 11.7 | | 10.8 |
| Unrestricted Investment | | | | | | | | | | | | |
| Earnings | | 1.7 | | 2.5 | | 1.9 | | 2.8 | | 3.6 | | 5.3 |
| Total revenues | | 147.2 | | 139.4 | | 45.6 | | 46.6 | | 192.8 | | 186.0 |
| Expenses | | | | | | | | | | | | |
| General government, administrative | | 28.9 | | 22.0 | | | | | | 28.9 | | 22.0 |
| Public Safety | | 76.2 | | 62.6 | | | | | | 76.2 | | 62.6 |
| Public Works | | 40.0 | | 40.5 | | | | | | 40.0 | | 40.5 |
| Recreation and Culture | | 7.7 | | 6.2 | | | | | | 7.7 | | 6.2 |
| Community Development | | 6.4 | | 6.2 | | | | | | 6.4 | | 6.2 |
| Interest on Long Term Debt | | 1.5 | | 1.7 | | | | | | 1.5 | | 1.7 |
| Sewage Disposal System | | | | | | 27.4 | | 24.7 | | 27.4 | | 24.7 |
| Municipal Parking System | | | | | | 10.2 | | 10.2 | | 10.2 | | 10.2 |
| Cemetery | | | | | | .7 | | .7 | | .7 | | .7 |
| Golf | | | | | | 1.1 | | 1.4 | | 1.1 | | 1.4 |
| Garbage and Refuse Collection | | | | | | 1.4 | | 1.4 | | 1.4 | | 1.4 |
| Recycling | | | | | | 2.9 | | 2.8 | | 2.9 | | 2.8 |
| Potter Park Zoo | | | | | | (.2) | | 3.0 | | (.2) | | 3.0 |
| Total expenses | | 160.7 | | 139.2 | | 43.5 | | 44.2 | | 204.2 | | 183.4 |
| Excess before transfers | | (13.5) | | .2 | | 2.1 | | 2.4 | | (11.4) | | 2.6 |
| Transfers in (out) | | 7.4 | | (3.1) | | (7.4) | | 3.1 | | - | | _ |
| Changes in net assets | | (6.1) | | (2.9) | | (5.3) | | 5.5 | | (11.4) | | 2.6 |
| Beginning net assets as restated | | 224.6 | | 227.5 | | 231.0 | | 225.5 | _ | 455.6 | | 453.0 |
| Ending net assets | \$ | 218.5 | \$ | 224.6 | \$ | 225.7 | \$ | 231.0 | \$ | 444.2 | \$ | 455.6 |

Governmental Activities:

The following chart depicts revenues of the governmental activities for the fiscal year:



Property taxes comprised 25.0% of Governmental Activities revenue, with \$2,232,269 representing debt service on voted unlimited tax- general obligation debt. The City's operating millage is currently 14.95 mills. In accordance with Charter and State Constitutional provisions, the City may levy up to 19.1692 mills for operations in FY 2009.

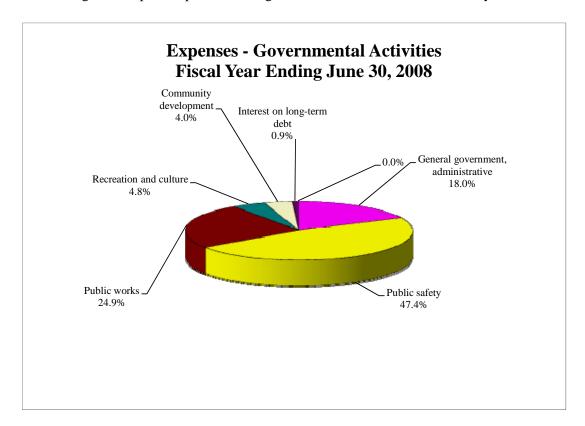
Income taxes comprised 20.2% of Governmental Activities revenue which fully appears within the General Fund. Local income tax rates are prescribed by State law, and limited in Lansing's case to 1% of resident income and 0.5% of the income of persons working in the City, but living outside of its corporate boundaries. Income tax revenue increased almost \$3 million, due in part to increased collection efforts.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax and motor fuel and weight taxes.

Public works operating grants increased \$2.8 million.

Transfers in relate to the assets of the Potter Park Zoo being transferred from business-type activities to governmental-type activities. The operation of the Zoo was transferred to Ingham County in fiscal year 2008.

The following chart depicts expenses of the governmental activities for the fiscal year:



General government and public safety expenditures increased from last year due to increases in worker's compensation liabilities, new "Other Post Employment Retirement" obligations, increases in accrued compensated absences, and elimination of internal service fund balances

Business-type Activities

Net assets of the business-type activities decreased by \$5.3 million during the fiscal year.

The Sewage Disposal System Fund net assets increased by \$1.7 million. This is primarily a result of funding for capital costs of the combined sewer separation project. Sewage system revenues are expected to increase by 4% per year over the next five years to continue this 30 year project.

Transfers out for Business-type activities exceeded transfers in due to the Parking System transferring funds to Capital Projects, and the Zoo Fund being removed and having its assets transferred to the Governmental activities of the City.

Within non-major funds, Cemeteries and Golf remain subsidized by the General Fund.

The City of Lansing is continuing its five year plan to eliminate the unrestricted net asset deficit in the Golf Fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the fiscal year, its governmental funds reported fund balances of \$42.0 million. Of this total amount, \$32.2 million, constitutes unreserved unrestricted fund balance, which is available for appropriation for the general purposes of the City. This includes \$5.7 million in the City's Budget Stabilization Fund and \$4.8 million in the General Fund. Further of the total amount of \$42.0 million, \$4.3 million constitutes unreserved fund balances but are restricted for the purposes of the funds they were set up for. The remainder of fund balance is reserved and is not available for new spending because it has already been reserved for specific purposes, including special assessments and encumbrances.

General Fund

The General Fund is the chief operating fund of the City. At the end of fiscal year 2008, the General Fund fund balance was \$7.2 million, including an unreserved/undesignated fund balance of \$4.8 million. General Fund expenditures came in \$346,302 less than revenues. Unreserved/undesignated fund balance increased by \$409,023, or 9.4% of revenues, compared to 9.3% of revenues as of June 30, 2007.

General Fund Budgetary Highlights:

Under Mayor Bernero's leadership, the FY 2008 budget was adopted at a level consistent with projected revenues; no use of fund balance or the City's Budget Stabilization Fund was budgeted. The FY 2007/2008 budget included the reduction of 45 positions through a combination of attrition and the transfer of Potter Park Zoo operations to Ingham County. During the year, the budget was adjusted, based on updated revenue projections, donations, FY 2007 budget reappropriations, and cleanup costs for storm damage resulting from two separate tornados that hit the City.

Also during the year, the City adjusted its budget and its spending in response to the following outcomes:

- Due largely to a new income tax compliance initiative and economic development efforts, the City received \$2.3 million more in income taxes during the year than was originally budgeted
- In total, revenues came in \$1.3 million less than the final budget, due in large part lesserthan anticipated revenue receipts in State revenue sharing, property taxes, traffic tickets, and interest earnings.
- Despite lesser-than-anticipated revenue receipts and storm damage cleanup from the two tornados, the City ended the year with a slight increase in unrestricted/undesignated fund balance
- As a percentage of General Fund Revenues, the undesignated/unreserved combined fund balance for the General Fund and Budget Stabilization fund (found in the special revenue fund section) was 9.4%, compared to 9.3% as of June 30, 2007.
- The final results demonstrate the City's ability to live within, and manage to, its income.

Sewage Disposal Fund

Net assets increased \$1.7 million to \$202.5 million in FY2008. This was attributable to an increase in capital assets, net of related debt increasing \$18.7 million for the City's continuing combined sewer overflow project.

Parking Fund

The Municipal Parking Fund had a decrease in capital assets net of related debt of \$.7 million, mainly from depreciation of assets. Unrestricted net assets decreased \$1.2 million, through decreased revenues. Total net assets decreased \$1.9 million from this transaction.

Budget Stabilization Fund

Fund balance at June 30, 2008 remained at \$5.7 million. The Fund is limited by Ordinance to 10% of year end General Fund appropriations. The City appropriated no amounts to be spent from the fund for the FY 2007/2008 and FY 2008/2009 budgets.

Capital Assets

Capital Assets: At the end of the fiscal year 2008, the City had invested \$599 million, net of accumulated depreciation, in a broad range of capital assets (see the table below). Total depreciation charges for the fiscal year were \$24.8 million. Additional information regarding the City's capital assets can be found in the notes to the basic financial statements.

Capital Assets as of June 30, (net of depreciation, in millions of dollars)

| | Governmental Activities | | | Business-type Activities | | | | Total Primary Government | | | | |
|----------------------------|----------------------------|----|-------|-----------------------------|----|-------|----|-----------------------------|----|-------|--|--|
| | 2008 | | 2007 | 2008 | | 2007 | | 2008 | | 2007 | | |
| Land | \$ 24.7 | \$ | 24.6 | \$ 13.7 | \$ | 13.9 | \$ | 38.4 | \$ | 38.5 | | |
| Land improvements | 3.9 | | 4.2 | 14.1 | | 14.5 | | 18.0 | | 18.7 | | |
| Buildings and improvements | 59.6 | | 48.1 | 94.3 | | 103.9 | | 153.9 | | 152.0 | | |
| Equipment | 7.3 | | 8.2 | 1.1 | | .9 | | 8.4 | | 9.1 | | |
| Sewers | - | | - | 200.8 | | 183.7 | | 200.8 | | 183.7 | | |
| Infrastructure | 117.2 | | 121.1 | | | | | 117.2 | | 121.1 | | |
| Subtotal | 212.7 | | 206.2 | 324.0 | - | 316.9 | | 536.7 | | 523.1 | | |
| Construction in progress | 10.8 | | 15.2 | 51.4 | | 42.2 | | 62.2 | _ | 57.4 | | |
| Total | \$ 223.5 | \$ | 221.4 | \$ 375.4 | \$ | 359.1 | \$ | 598.9 | \$ | 580.5 | | |

Infrastructure capital assets in governmental activity funds of \$14,747,700 were removed from service during the year.

Debt Administration

The City, along with the Lansing Building Authority (LBA), a blended component unit of the City, are empowered by law to authorize, issue, and sell debt obligations. Limited tax and unlimited tax general obligation bonds, are backed by the full faith and credit of the City. The City also issues revenue dedicated bonded debt, whose payment for principal and interest comes solely out of funds that receive legally restricted revenues. The Sewage Disposal fund has the only dedicated revenue bonds which are currently outstanding. LBA's bonds financed the construction of parking, golf course, and firing range improvements. Revenues derived from user fees from persons using parking and golf facilities fund the debt service requirements for related improvements, but they are also backed by a limited tax pledge. The General Fund pays for firing range related debt service. More detailed information regarding the City's long-term obligations is presented in Note 3-G (Long-Term Debt) to the financial statements.

Outstanding Debt as of June 30, (in millions of dollars)

| | 2008 | 2007 |
|--|----------|----------|
| Governmental: | | |
| Special assessment bonds | \$0.00 | \$0.01 |
| General obligation bonds (backed by the City) | 20.62 | 19.85 |
| Installment purchase contracts | 14.04 | 15.40 |
| Loans | 1.53 | 1.77 |
| Sub-total | 36.19 | 37.03 |
| Business Type: | | |
| General obligation bonds (backed by the City) | 182.42 | 180.18 |
| Revenue bonds and notes (backed by specific fee revenu | 41.12 | 43.95 |
| Loans | 4.18 | 4.18 |
| Sub-total | 227.72 | 228.31 |
| Total | \$263.91 | \$265.34 |

ECONOMIC CONDITION AND OUTLOOK

The State of Michigan's economic challenges, including the national recession, American automobile industry crisis, housing market and foreclosure impacts on property tax revenues, combined with rising labor force and healthcare costs, continues to place budgetary and fiscal constraints on the City of Lansing. A structural imbalance between revenue and expenditure growth exists, as is the case for the majority of cities, especially those that are urban centers, in Michigan.

To address these budgetary challenges, and to protect vital services to the public, since his inauguration in January, 2006, Mayor Bernero has implemented a budgetary strategy of maximizing revenues; reducing expenses; improving operational and technological efficiencies; collaborating with neighboring municipalities, counties, and non-profit entities to provide funding for City-owned assets that benefit the entire region, as demonstrated by the transfer of Potter Park Zoo operations this fiscal year to Ingham County The Mayor also continues to work aggressively with the unions to contain the rising cost of healthcare and other compensation issues. The FY 2008/2009 budget does not include any use of reserves, and the Mayor has pledged to direct the City in a fiscally responsible manner -- living within the City's means and not using General Fund reserves or increasing the City's property tax rate.

CONTACTING THE CITY FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Department at (517) 483-4500.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Lansing Statement of Net Assets June 30, 2008

| |] | | | |
|---|----------------|----------------|----------------|-----------------|
| | Governmental | Business-type | | Component |
| | Activities | Activities | Totals | Units |
| A4- | | | | |
| Assets Cash and investments | \$ 42,639,436 | \$ 14,085,633 | \$ 56,725,069 | \$ 2,254,070 |
| | 35,103,669 | 26,470,752 | 61,574,421 | |
| Receivables, net Internal balances | (4,446,024) | 4,446,024 | 01,374,421 | 852,934 |
| | 2,706,417 | 1,071,541 | 3,777,958 | 187,361 |
| Inventories, prepaids and other assets Net other postemployment benefit asset | 1,252,152 | 1,0/1,341 | | 187,301 |
| Restricted assets: | 1,232,132 | - | 1,252,152 | - |
| Cash and investments | - | 31,591,445 | 31,591,445 | 561,042 |
| Receivables, net | - | 400,520 | 400,520 | - |
| Capital assets not being depreciated | 35,535,351 | 65,087,248 | 100,622,599 | - |
| Capital assets being depreciated, net | 187,931,212 | 310,300,278 | 498,231,490 | 119,606 |
| Total assets | 300,722,213 | 453,453,441 | 754,175,654 | 3,975,013 |
| Liabilities | | | | |
| Accounts payable and | | | | |
| accrued liabilities | 20,162,133 | 6,803,394 | 26,965,527 | 1,196,663 |
| Accrued interest payable | 384,608 | 1,109,901 | 1,494,509 | 10,764,137 |
| Unearned revenues | 1,605,222 | 133,328 | 1,738,550 | 672,151 |
| Net other post-employment benefit obligation | 3,376,295 | - | 3,376,295 | - |
| Long-term liabilities: | | | | |
| Due within one year | 14,372,947 | 16,066,074 | 30,439,021 | 3,170,433 |
| Due in more than one year | 42,335,644 | 203,591,439 | 245,927,083 | 26,771,405 |
| Total liabilities | 82,236,849 | 227,704,136 | 309,940,985 | 42,574,789 |
| Net assets | | | | |
| Invested in capital assets, net | | | | |
| of related debt | 187,054,852 | 178,526,049 | 365,580,901 | 66,639 |
| Restricted for: | | | | |
| Public safety | 840,403 | - | 840,403 | - |
| Public works | 7,669,385 | - | 7,669,385 | - |
| State mandated programs | 6,379,879 | - | 6,379,879 | - |
| Debt service | - | 30,565,851 | 30,565,851 | - |
| Capital projects | 18,054,880 | 326,888 | 18,381,768 | - |
| Endowments (non-expendable) | 1,609,992 | - | 1,609,992 | - |
| Unrestricted (deficit) | (3,124,027) | 16,330,517 | 13,206,490 | (38,666,415) |
| Total net assets (deficit) | \$ 218,485,364 | \$ 225,749,305 | \$ 444,234,669 | \$ (38,599,776) |

The accompanying notes are an integral part of the financial statements.

City of Lansing Statement of Activities For the Year Ended June 30, 2008

| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) Revenue |
|--------------------------------|----------------|-------------------------|------------------------------------|----------------------------------|--------------------------|
| Primary government | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 28,901,545 | \$ 5,938,911 | \$ 10,835 | \$ 28,861 | \$ (22,922,938) |
| Public safety | 76,211,756 | 12,705,181 | 1,153,469 | - | (62,353,106) |
| Public works | 40,032,746 | 4,364,525 | 18,989,543 | 207,914 | (16,470,764) |
| Recreation and culture | 7,677,086 | 1,556,260 | 102,423 | 140,318 | (5,878,085) |
| Community development | 6,382,336 | 66,308 | - | 2,154,881 | (4,161,147) |
| Interest on long-term debt | 1,481,658 | | 100,022 | | (1,381,636) |
| Total governmental activities | 160,687,127 | 24,631,185 | 20,356,292 | 2,531,974 | (113,167,676) |
| Business-type activities: | | | | | |
| Sewage disposal system | 27,382,736 | 28,023,322 | - | 60,091 | 700,677 |
| Municipal parking system | 10,188,065 | 10,090,566 | - | - | (97,499) |
| Cemetery | 675,672 | 218,688 | - | 136,226 | (320,758) |
| Golf | 1,072,505 | 607,922 | - | - | (464,583) |
| Garbage and rubbish collection | 1,436,642 | 1,617,717 | - | - | 181,075 |
| Recycling | 2,940,366 | 3,039,089 | - | - | 98,723 |
| Potter Park Zoo | (156,270) | (115) | | | 156,155 |
| Total business-type activities | 43,539,716 | 43,597,189 | | 196,317 | 253,790 |
| Total primary government | \$ 204,226,843 | \$ 68,228,374 | \$ 20,356,292 | \$ 2,728,291 | \$ (112,913,886) |
| Component units | | | | | |
| Brownfield redevelopment | \$ 1,180,374 | \$ - | \$ 323,424 | \$ - | \$ (856,950) |
| Community development | 3,624,584 | - | 6,750 | - | (3,617,834) |
| Recreation and culture | 6,084,352 | 4,945,861 | 1,188,726 | | 50,235 |
| Total component units | \$ 10,889,310 | \$ 4,945,861 | \$ 1,518,900 | \$ - | \$ (4,424,549) |

Continued...

City of Lansing
Statement of Activities (concluded)
For the Year Ended June 30, 2008

| | | Primary Government | | | | | | | |
|---|--|--------------------|-----------------|--------------------|--|--|--|--|--|
| | Governmental Business-type Activities Activities | | Totals | Component Units | | | | | |
| Changes in net assets | | | | | | | | | |
| Net (expense) revenue | \$(113,167,676) | \$ 253,790 | \$(112,913,886) | \$ (4,424,549) | | | | | |
| General revenues | | | | | | | | | |
| Property taxes | 38,607,761 | - | 38,607,761 | 6,951,984 | | | | | |
| Income taxes | 31,168,012 | - | 31,168,012 | - | | | | | |
| Grants and contributions not | | | | | | | | | |
| restricted to specific programs | 28,180,799 | - | 28,180,799 | - | | | | | |
| Unrestricted investment earnings | 1,706,572 | 1,883,034 | 3,589,606 | 168,726 | | | | | |
| Gain on sale of capital assets | - | 5,348 | 5,348 | - | | | | | |
| Transfers - internal activities | 1,622,767 | (1,622,767) | - | - | | | | | |
| Special item - transfer of zoo assets | 5,797,900 | (5,797,900) | | | | | | | |
| Total general revenues, | | | | | | | | | |
| transfers and special item | 107,083,811 | (5,532,285) | 101,551,526 | 7,120,710 | | | | | |
| Change in net assets | (6,083,865) | (5,278,495) | (11,362,360) | 2,696,161 | | | | | |
| Net assets (deficit), beginning of year | 224,569,229 | 231,027,800 | 455,597,029 | (41,295,937) | | | | | |
| Net assets (deficit), end of year | \$ 218,485,364 | \$ 225,749,305 | \$ 444,234,669 | \$ (38,599,776) | | | | | |

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Major Funds

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor Funds

Non-major governmental funds are presented, by fund type, beginning on the pages listed below: Special Revenue funds, page 69.

Debt Service funds, page 81.

Capital Projects funds, page 85.

Permanent funds, page 89.

City of Lansing

Balance Sheet - Governmental Funds June 30, 2008

| | | General | Ge | Other overnmental Funds | Totals |
|--|----|------------|----|-------------------------------|------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ | 2,975,985 | \$ | 8,588,889 | \$ 11,564,874 |
| Equity in pooled cash | | 569,527 | | 21,067,268 | 21,636,795 |
| Investments | | · - | | 1,631,189 | 1,631,189 |
| Accounts receivable, net | | 16,017,917 | | 1,738,149 | 17,756,066 |
| Taxes receivable | | 244,239 | | _ | 244,239 |
| Special assessments receivable | | - | | 930,117 | 930,117 |
| Loans receivable | | - | | 1,404,118 | 1,404,118 |
| Accrued interest receivable | | - | | 1,776,203 | 1,776,203 |
| Due from other funds | | 335,703 | | 968,413 | 1,304,116 |
| Interfund receivable | | - | | 3,677,051 | 3,677,051 |
| Advances to other funds | | 307,848 | | 192,439 | 500,287 |
| Due from other governments | | 5,743,939 | | 5,807,603 | 11,551,542 |
| Due from component units | | 267,618 | | - | 267,618 |
| Prepaids | | 78,686 | | - | 78,686 |
| Inventories | | 1,252,463 | | | 1,252,463 |
| Total assets | \$ | 27,793,925 | \$ | 47,781,439 | \$ 75,575,364 |
| Liabilities and fund balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ | 6,317,983 | \$ | 2,261,671 | \$ 8,579,654 |
| Deposits payable | | - | | 233,555 | 233,555 |
| Accrued payroll | | 2,705,751 | | 129,106 | 2,834,857 |
| Retainage payable | | 2,961,666 | | - | 2,961,666 |
| Indemnity bonds | | - | | 2,060 | 2,060 |
| Due to other funds | | 4,974,357 | | 968,222 | 5,942,579 |
| Interfund payable | | - | | 3,580,778 | 3,580,778 |
| Advance from other funds | | 1 441 016 | | 307,848 | 307,848 |
| Due to other governments | | 1,441,216 | | 349,658 | 1,790,874 |
| Due to component units | | 65,456 | | - - 127.959 | 65,456 |
| Deferred revenue | | 1,709,706 | | 5,137,858 | 6,847,564 |
| Other | _ | 387,338 | | | 387,338 |
| Total liabilities | | 20,563,473 | | 12,970,756 | 33,534,229 |
| Fund balances | | | | | |
| Reserved for advances | | 307,848 | | 192,439 | 500,287 |
| Reserved for prepaids | | 78,686 | | - | 78,686 |
| Reserved for inventories | | 1,252,463 | | - | 1,252,463 |
| Reserved for encumbrances | | 126,291 | | 172,912 | 299,203 |
| Unreserved, designated for | | | | | |
| subsequent years' expenditures: | | -2-00- | | | -2-00- |
| General fund | | 635,005 | | - | 635,005 |
| Special revenue funds | | - | | 6,877,136 | 6,877,136 |
| Unreserved, undesignated reported in: | | 4.020.150 | | | 4 000 150 |
| General fund | | 4,830,159 | | 7.020.610 | 4,830,159 |
| Special revenue funds | | - | | 7,839,619 | 7,839,619 |
| Debt service funds | | - | | 256,144 | 256,144 |
| Capital projects funds Permanent funds | | - | | 17,862,441 | 17,862,441 |
| Permanent runds | _ | | | 1,609,992 | 1,609,992 |
| Total fund balances | | 7,230,452 | | 34,810,683 | 42,041,135 |
| Total liabilities and fund balances | \$ | 27,793,925 | \$ | 47,781,439 | \$ 75,575,364 |

City of Lansing

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets June 30, 2008

| Fund balances - total governmental funds | \$ | 42,041,135 |
|---|----|--------------|
| Amounts reported for <i>governmental activities</i> in the statement of net assets are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Add - capital assets | | 471,435,044 |
| Deduct - accumulated depreciation | (| 253,992,128) |
| Because the focus of governmental funds is on short-term financing, some | | |
| assets will not be available to pay for current expenditures. Those assets | | |
| (i.e., receivables) are offset by deferred revenues in the governmental funds | | |
| and, therefore, not included in fund balance. | | |
| Add - deferred ambulance fees | | 717,890 |
| Add - deferred nuisance fees | | 830,876 |
| Add - deferred loans receivable | | 1,204,118 |
| Add - deferred long-term interest receivable | | 1,732,367 |
| Add - deferred long-term special assessments | | 757,091 |
| Internal service funds are used by management to charge the costs of certain | | |
| equipment maintenance to individual funds. The assets and liabilities of the | | |
| internal service funds are included in governmental activities in the statement | | |
| of net assets. | | 11,214,238 |
| Prepaid costs related to other postemployment benefits are not available for current period | | |
| expenditures and, therefore, are not reported in the funds. | | |
| Add: other postemployment benefit plan asset | | 1,252,152 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| Deduct - bonds, loans and leases payable | | (35,241,711) |
| Deduct - accrued interest on bonds, loans and leases payable | | (363,743) |
| Add - deferred bond issuance costs | | 61,604 |
| Deduct - other postemployment benefit obligation | | (3,376,295) |
| Deduct - compensated absences and other long-term liabilities | _ | (19,787,274) |
| Net assets of governmental activities | \$ | 218,485,364 |

City of Lansing
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

| | | Other | |
|--------------------------------------|---------------|-----------------------|---------------|
| | General | Governmental Funds | Totals |
| | General | Funus | Totals |
| Revenues | | | |
| Taxes and special assessments | \$ 36,041,763 | \$ 2,733,959 | \$ 38,775,722 |
| Income taxes | 31,168,012 | - | 31,168,012 |
| Licenses and permits | 1,429,075 | - | 1,429,075 |
| Intergovernmental | 17,424,800 | 21,131,816 | 38,556,616 |
| Charges for services | 10,314,341 | 8,802,252 | 19,116,593 |
| Fines and forfeits | 3,402,934 | 687,463 | 4,090,397 |
| Interest and rents | 940,880 | 895,605 | 1,836,485 |
| Contributions | 10,884,573 | 10,000 | 10,894,573 |
| Donations from private sources | - | 326,768 | 326,768 |
| Other revenues | 106,466 | 224,782 | 331,248 |
| Total revenues | 111,712,844 | 34,812,645 | 146,525,489 |
| Expenditures | | | |
| Current expenditures: | | | |
| General government | 26,794,259 | 2,415,199 | 29,209,458 |
| Public safety | 61,577,212 | 6,137,948 | 67,715,160 |
| Public works | 5,581,912 | - | 5,581,912 |
| Highways and streets | - | 9,278,478 | 9,278,478 |
| Recreation and culture | 7,980,546 | 57,744 | 8,038,290 |
| Other functions | 2,385,318 | 9,420,525 | 11,805,843 |
| Debt service: | | | |
| Principal | 1,013,531 | 3,708,050 | 4,721,581 |
| Interest | 467,690 | 1,140,013 | 1,607,703 |
| Capital outlay | | 16,228,127 | 16,228,127 |
| Total expenditures | 105,800,468 | 48,386,084 | 154,186,552 |
| Revenues over (under) | | | |
| expenditures | 5,912,376 | (13,573,439) | (7,661,063) |
| Other financing sources (uses) | | | |
| Transfers in | 488,977 | 13,018,544 | 13,507,521 |
| Transfers out | (6,055,051) | (6,474,703) | (12,529,754) |
| Issuance of long-term debt | - | 4,018,000 | 4,018,000 |
| Bond premium | | 34,979 | 34,979 |
| Total other financing sources (uses) | (5,566,074) | 10,596,820 | 5,030,746 |
| Net change in fund balances | 346,302 | (2,976,619) | (2,630,317) |
| Fund balances, beginning of year | 6,884,150 | 37,787,302 | 44,671,452 |
| Fund balances, end of year | \$ 7,230,452 | \$ 34,810,683 | \$ 42,041,135 |

City of Lansing
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2008

| Net change in fund balances - total governmental funds | \$ (2,630,317) |
|---|----------------------------|
| Amounts reported for <i>governmental activities</i> in the statement of activities are different because: | |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. | |
| Add - capital outlay | 17,848,235 |
| Add - Transfer in from zoo fund | 5,797,900 |
| Deduct - depreciation expense | (17,074,198) |
| Deduct - loss on disposal of capital assets | (2,965,177) |
| Revenues in the statement of activities that do not provide current financial resources | |
| are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years. | |
| Add - change in ambulance fees | 546,126 |
| Add - change in deferred special assessments | 39,953 |
| Internal service funds are used by management to charge the costs of certain | |
| equipment maintenance to individual funds. The net increase (decrease) in the | |
| net assets of the internal service funds is reported with governmental activities. | (2.116.074) |
| Deduct - net operating income from governmental activities in internal service funds | (2,116,974) |
| Add - gain on sale of capital assets from governmental internal service funds | 124,436 |
| Deduct - interest expense from governmental internal service funds | (67,707) |
| Add - capital contributions from governmental internal service funds Add - transfers in governmental internal service funds | 28,861 645,000 |
| Add - transfers in governmental merhal service funds | 043,000 |
| Debt proceeds provide current financial resources to governmental funds in the | |
| period issued, but issuing debt increases long-term liabilities in the statement of | |
| net assets. Repayment of debt principal is an expenditure in the funds, but the | |
| repayment reduces long-term liabilities in the statement of net assets | |
| Deduct - issuance of long-term debt | (4,018,000) |
| Add - principal payments on long-term liabilities | 4,721,581 |
| Deduct - premium on bond issuances | (34,979) |
| Certain expenditures are reported in governmental funds that reduce long-term | |
| liabilities for purposes of the statement of net assets. | |
| Deduct - increase in liability for workers' compensation | (3,406,731) |
| Some expenses reported in the statement of activities do not require the use of current | |
| financial resources and therefore are not reported as expenditures in the funds. | 170 000 |
| Add - decrease in accrued interest payable on long-term liabilities Add - amortization of debt-related costs | 178,880 |
| Deduct - decrease in other postemployment benefit obligation | 14,872 |
| Deduct - decrease in other postemployment benefit obligation Deduct - increase in the accrual for compensated absences | (2,124,143) (1,591,483) |
| Deduct - mercase in the accrual for compensated absences | (1,391,403) |
| Change in net assets of governmental activities | \$ (6,083,865) |

City of Lansing Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund For the Year Ended June 30, 2008

| | Bu | ıdget | | Variance with | |
|--------------------------------------|---------------|----------------|---|---------------|--|
| | Original | Final | Actual | Final Budget | |
| Revenues | | | | | |
| Property taxes | \$ 37,322,875 | \$ 36,722,875 | \$ 36,041,763 | \$ (681,112) | |
| Income taxes | 28,774,000 | 29,088,000 | 31,168,012 | 2,080,012 | |
| Licenses and permits | 1,318,640 | 1,318,640 | 1,429,075 | 110,435 | |
| Intergovernmental | 18,056,698 | 18,056,698 | 17,424,800 | (631,898) | |
| Charges for services | 10,464,478 | 11,064,478 | 10,314,341 | (750,137) | |
| Fines and forfeits | | | | | |
| Interest and rents | 4,257,000 | 4,257,000 | 3,402,934 | (854,066) | |
| | 1,481,415 | 1,481,415 | 940,880 | (540,535) | |
| Contributions | 9,771,700 | 10,952,266 | 10,884,573 | (67,693) | |
| Other revenues | 100,500 | 100,500 | 106,466 | 5,966 | |
| Total revenues | 111,547,306 | 113,041,872 | 111,712,844 | (1,329,028) | |
| Expenditures | | | | | |
| General government: | | | | | |
| Attorney's office | 1,304,282 | 1,334,282 | 1,305,529 | 28,753 | |
| Cable tv | 248,172 | 249,186 | 192,323 | 56,863 | |
| City clerk | 980,943 | 956,843 | 900,571 | 56,272 | |
| Council | 798,873 | 765,215 | 717,357 | 47,858 | |
| Courts | 5,444,776 | 5,339,779 | 5,172,293 | 167,486 | |
| Internal audit | 148,016 | 148,981 | 144,366 | 4,615 | |
| Finance | 11,038,651 | 10,912,854 | 10,821,359 | 91,495 | |
| General administration | (1,635,000) | 1,335,976 | 1,325,924 | 10,052 | |
| Human resources | 1,996,462 | 1,952,540 | 1,884,874 | 67,666 | |
| Mayor | 737,661 | 737,661 | 733,793 | 3,868 | |
| Planning / neighborhood development | 3,617,494 | 3,695,330 | 3,595,870 | 99,460 | |
| Total general government | 24,680,330 | 27,428,647 | 26,794,259 | 634,388 | |
| Duklia gafatru | | | | | |
| Public safety: Police | 22 440 107 | 33,690,324 | 22 129 620 | 551,685 | |
| Fire | 33,448,187 | | 33,138,639 | | |
| | 28,847,325 | 28,633,802 | 28,438,573 | 195,229 | |
| Total public safety | 62,295,512 | 62,324,126 | 61,577,212 | 746,914 | |
| Public Works: | | | | | |
| Environmental | 5,545,827 | 5,763,963 | 5,460,886 | 303,077 | |
| Sidewalks and alleys | 271,487 | 271,487 | 121,026 | 150,461 | |
| Total public works | 5,817,314 | 6,035,450 | 5,581,912 | 453,538 | |
| Parks and recreation | 8,580,093 | 8,593,331 | 7,980,546 | 612,785 | |
| Other functions: | | | | | |
| Human relations / community services | 973,511 | 926,011 | 900,594 | 25,417 | |
| Human services / community support | 1,660,000 | 1,646,593 | 1,484,724 | 161,869 | |
| Total other functions | 2,633,511 | 2,572,604 | 2,385,318 | 187,286 | |
| | , , 1 | ,- · = , ~ ~ · | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | | |

Continued...

City of Lansing Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Concluded) General Fund For the Year Ended June 30, 2008

| | Bu | dget | | Variance with | |
|--------------------------------------|--------------|--------------|--------------|---------------|--|
| | Original | Final | Actual | Final Budget | |
| Expenditures (concluded) | | | | | |
| Debt service: | | | | | |
| Principal | \$ 980,000 | \$ 1,013,700 | \$ 1,013,531 | \$ 169 | |
| Interest and fees | 487,000 | 503,300 | 467,690 | 35,610 | |
| Total debt service | 1,467,000 | 1,517,000 | 1,481,221 | 35,779 | |
| Total expenditures | 105,473,760 | 108,471,158 | 105,800,468 | 2,670,690 | |
| Revenues over expenditures | 6,073,546 | 4,570,714 | 5,912,376 | 1,341,662 | |
| Other financing sources (uses) | | | | | |
| Transfers in | 300,000 | 300,000 | 488,977 | 188,977 | |
| Transfers out | (6,477,546) | (6,100,657) | (6,055,051) | 45,606 | |
| Proceeds on sale of capital assets | 104,000 | 104,000 | | (104,000) | |
| Total other financing sources (uses) | (6,073,546) | (5,696,657) | (5,566,074) | 130,583 | |
| Net change in fund balance | - | (1,125,943) | 346,302 | 1,472,245 | |
| Fund balance, beginning of year | 6,884,150 | 6,884,150 | 6,884,150 | | |
| Fund balance, end of year | \$ 6,884,150 | \$ 5,758,207 | \$ 7,230,452 | \$ 1,472,245 | |

Proprietary Fund Financial Statements

Major Funds

Sewage Disposal System Fund – This fund accounts for the provision of sewage disposal services to the residents of the City.

Municipal Parking System Fund – This fund accounts for the operation of City-owned parking facilities.

Non-Major Funds and Internal Service Funds

Non-major enterprise funds and internal service funds are presented, by fund type, beginning on the pages listed below:

Enterprise funds, page 91.

Internal Service funds, page 99.

City of Lansing Statement of Fund Net Assets Proprietary Funds June 30, 2008

| Business-type Activities - Enterprise Funds | | | | | Governmental Activities - |
|---|-------------------------|---------------|--------------|----------------|------------------------------|
| | Sewage | Municipal | Other | | 1100111010 |
| | Disposal | Parking | Enterprise | | Internal |
| | System | System | Funds | Totals | Service Funds |
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 1,789,921 | \$ 434,238 | \$ 14,201 | \$ 2,238,360 | \$ - |
| Equity in pooled cash | - | 10,389,185 | 1,554,361 | 11,943,546 | 7,710,305 |
| Receivables: | | | | | |
| Accounts, net | 2,986,012 | 1,701,215 | 422,896 | 5,110,123 | 1,173,766 |
| Accrued interest | 14,706 | 306,820 | - | 321,526 | - |
| Lease receivable, current | - | 2,667,263 | - | 2,667,263 | - |
| Inventories | 100,537 | - | 77,655 | 178,192 | 720,348 |
| Prepaids | - | - | - | - | 588,303 |
| Due from other funds | 4,974,166 | - | - | 4,974,166 | - |
| Restricted assets: | | | | | |
| Cash and cash equivalents | 31,309,897 | 281,548 | - | 31,591,445 | - |
| Accounts receivable | | 326,888 | - | 326,888 | - |
| Accrued interest receivable | 73,171 | 461 | | 73,632 | |
| Total current assets | 41,248,410 | 16,107,618 | 2,069,113 | 59,425,141 | 10,192,722 |
| Noncurrent assets: | | | | | |
| Lease receivable | - | 18,371,840 | - | 18,371,840 | - |
| Bond issue costs | 455,661 | 437,688 | - | 893,349 | 5,013 |
| Capital assets not being depreciated | 51,775,237 | 12,774,843 | 537,168 | 65,087,248 | 55,297 |
| Capital assets being depreciated, net | 279,049,451 | 27,586,466 | 3,664,361 | 310,300,278 | 5,968,350 |
| Total non-current assets | 331,280,349 | 59,170,837 | 4,201,529 | 394,652,715 | 6,028,660 |
| Total assets | 372,528,759 | 75,278,455 | 6,270,642 | 454,077,856 | 16,221,382 |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 6,332,406 | 77,655 | 73,191 | 6,483,252 | 1,094,982 |
| Deposits payable | - | 43,335 | - | 43,335 | _ |
| Accrued interest payable | 944,408 | 154,818 | 10,675 | 1,109,901 | 20,865 |
| Accrued payroll | 70,773 | 50,125 | 30,820 | 151,718 | 149,303 |
| Other | - | - | - | - | 2,062,388 |
| Due to other funds | 334,878 | 825 | - | 335,703 | - |
| Interfund payable | - | - | 96,273 | 96,273 | - |
| Advances from other funds | - | 192,439 | - | 192,439 | - |
| Due to other governments | 125,089 | - | - | 125,089 | - |
| Unearned revenues | - | - | 133,328 | 133,328 | - |
| Current portion of: | | | | | |
| Long-term debt | 9,975,000 | 5,624,472 | 70,000 | 15,669,472 | 130,000 |
| Compensated absences | 247,557 | 111,000 | 38,045 | 396,602 | 301,771 |
| Total current liabilities | 18,030,111 | 6,254,669 | 452,332 | 24,737,112 | 3,759,309 |
| Noncurrent liabilities: | | | | | |
| Long-term debt | 151,880,453 | 50,854,178 | 696,646 | 203,431,277 | 1,040,000 |
| Compensated absences | 107,314 | 48,117 | 4,731 | 160,162 | 207,835 |
| Total non-current liabilities | 151,987,767 | 50,902,295 | 701,377 | 203,591,439 | 1,247,835 |
| Total liabilities | 170,017,878 | 57,156,964 | 1,153,709 | 228,328,551 | 5,007,144 |
| Net assets | | | | | |
| Invested in capital assets, net of related debt | 169,424,896 | 5,666,270 | 3,434,883 | 178,526,049 | 4,853,647 |
| Restricted for debt retirement | 30,438,660 | 127,191 | - | 30,565,851 | - |
| Restricted for capital projects | · · · · · · · · · · · · | 326,888 | - | 326,888 | - |
| Unrestricted | 2,647,325 | 12,001,142 | 1,682,050 | 16,330,517 | 6,360,591 |
| Total net assets | \$ 202,510,881 | \$ 18,121,491 | \$ 5,116,933 | \$ 225,749,305 | \$ 11,214,238 |

City of Lansing
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

| Business-type Activities - Enterprise Funds | | | | | |
|---|------------------------------|--------------------------------|------------------------------|----------------|--------------------------------------|
| | Sewage Disposal System | Municipal Parking System | Other Enterprise Funds | Totals | Activities - Internal Service Funds |
| Operating revenues | | | | | |
| Charges for services | \$ 27,889,061 | \$ 8,479,688 | \$ 5,483,301 | \$ 41,852,050 | \$ 58,100,182 |
| Operating expenses | | | | | |
| Personal services | 5,602,163 | 2,612,545 | 3,047,831 | 11,262,539 | 5,178,094 |
| Purchase of goods and services | 10,395,286 | 1,836,767 | 2,668,275 | 14,900,328 | 53,420,741 |
| Depreciation | 7,651,243 | 2,089,788 | 208,251 | 9,949,282 | 1,618,321 |
| Total operating expenses | 23,648,692 | 6,539,100 | 5,924,357 | 36,112,149 | 60,217,156 |
| Operating income (loss) | 4,240,369 | 1,940,588 | (441,056) | 5,739,901 | (2,116,974) |
| Nonoperating revenues (expenses) | | | | | |
| Interest revenue | 1,332,977 | 518,292 | 31,765 | 1,883,034 | _ |
| Gain (loss) on sale of capital assets | , , , <u>-</u> | (441) | 2,119 | 1,678 | 124,436 |
| Interest expense and fees | (3,734,044) | (3,645,295) | (44,558) | (7,423,897) | (67,707) |
| Other revenue | 134,261 | 1,610,878 | | 1,745,139 | |
| Total nonoperating revenue (expenses) | (2,266,806) | (1,516,566) | (10,674) | (3,794,046) | 56,729 |
| Income (loss) before | | | | | |
| contributions and transfers | 1,973,563 | 424,022 | (451,730) | 1,945,855 | (2,060,245) |
| | 1,5 7 5,5 55 | ,,, | (101,700) | 1,5 10,000 | (2,000,210) |
| Capital contributions | 60,091 | - | 136,226 | 196,317 | 28,861 |
| Transfers in | 251,874 | - | 1,246,447 | 1,498,321 | 645,000 |
| Transfers out | (551,874) | (2,367,247) | (201,967) | (3,121,088) | - |
| Special item - transfer of zoo assets | | | (5,797,900) | (5,797,900) | |
| Change in net assets | 1,733,654 | (1,943,225) | (5,068,924) | (5,278,495) | (1,386,384) |
| Net assets, beginning of year | 200,777,227 | 20,064,716 | 10,185,857 | 231,027,800 | 12,600,622 |
| Net assets, end of year | \$ 202,510,881 | \$ 18,121,491 | \$ 5,116,933 | \$ 225,749,305 | \$ 11,214,238 |

City of LansingStatement of Cash Flows Proprietary Funds

For the Year Ended June 30, 2008

| | Business-type Activities - Enterprise Funds | | | | Governmental |
|--|--|--------------------------|------------------------------|---------------------|-------------------------------------|
| | Sewage Disposal System | Municipal Parking System | Other Enterprise Funds | Totals | Activities - Internal Service Funds |
| Cash flows from operating activities | | | | | |
| Cash received from customers | \$ 27,603,667 | \$ 8,360,866 | \$ 5,279,517 | \$ 41,244,050 | \$ - |
| Cash received from interfund services Cash payments for goods and services | (11,215,545) | (1,879,169) | (3,262,813) | (16,357,527) | 61,837,044 (50,832,634) |
| Cash payments to employees | (5,703,394) | (2,630,255) | (3,217,825) | (11,551,474) | (5,188,562) |
| Other receipts | 134,261 | 1,610,878 | (3,217,023) | 1,745,139 | (5,100,502) |
| Net cash provided by (used for) | | | | | |
| operating activities | 10,818,989 | 5,462,320 | (1,201,121) | 15,080,188 | 5,815,848 |
| Cook flows from nonconital financing activities | | | | | |
| Cash flows from noncapital financing activities Transfers in | 251,874 | _ | 1.246.447 | 1,498,321 | 645,000 |
| Transfers out | (551,874) | (2,367,247) | (201,967) | (3,121,088) | - |
| Net cash provided by (used for) | | | | | |
| noncapital financing activities | (300,000) | (2,367,247) | 1,044,480 | (1,622,767) | 645,000 |
| Cook flows from conital and related financing activities | | | | | |
| Cash flows from capital and related financing activities Proceeds from sale of capital assets | _ | 51,570 | 2,120 | 53,690 | 124,436 |
| Acquisition and construction of capital assets | (31,225,049) | (727,132) | (136,226) | (32,088,407) | (101,760) |
| Capital contributions received | 60,091 | - | 136,226 | 196,317 | 28,861 |
| Principal paid on revenue and general obligation bonds | (9,110,000) | (5,320,000) | (65,000) | (14,495,000) | (125,000) |
| Interest paid on revenue and general obligation bonds | (3,665,548) | (1,581,423) | (43,829) | (5,290,800) | (67,053) |
| Proceeds from issuance of long-term debt | 13,907,194 | 2 402 760 | - | 13,907,194 | - |
| Payments received on capital lease Net cash used for | | 2,492,769 | | 2,492,769 | |
| capital and related financing activities | (30,033,312) | (5,084,216) | (106,709) | (35,224,237) | (140,516) |
| | | | | | |
| Cash flows from investing activities | 1 222 077 | 510.202 | 21.765 | 1 002 024 | |
| Interest and dividends | 1,332,977 | 518,292 | 31,765 | 1,883,034 | |
| Net increase (decrease) in cash and cash equivalents | (18,181,346) | (1,470,851) | (231,585) | (19,883,782) | 6,320,332 |
| Cash and cash equivalents, beginning of year | 51,281,164 | 12,575,822 | 1,800,147 | 65,657,133 | 1,389,973 |
| Cash and cash equivalents, end of year | \$ 33,099,818 | \$ 11,104,971 | \$ 1,568,562 | \$ 45,773,351 | \$ 7,710,305 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities Operating income (loss) Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | \$ 4,240,369 | \$ 1,940,588 | \$ (441,056) | \$ 5,739,901 | \$ (2,116,974) |
| Depreciation expense | 7,651,243 | 2,089,788 | 208,251 | 9,949,282 | 1,618,321 |
| Other receipts | 134,261 | 1,610,878 | - | 1,745,139 | - |
| Change in: | | | | | |
| Accounts receivable | 14,910,554 | (164,923) | (203,784) | 14,541,847 | (1,173,322) |
| Accrued interest receivable Inventories | 79,378 138,969 | 46,101 | 8,443 | 125,479 147,412 | (48,169) |
| Prepaids | 136,909 | 4,241 | - | 4,241 | (22,883) |
| Due from other funds | 33,852 | | - | 33,852 | 10,000 |
| Interfund receivable | - | - | - | - | 4,900,184 |
| Accounts payable | (835,929) | (38,126) | (19,776) | (893,831) | 976,496 |
| Deposits payable | | (4,460) | - (020) | (4,460) | - (2.220) |
| Accrued interest payable Accrued payroll | 54,438 (101,231) | (13,491) (17,710) | (829) (169,994) | 40,118 (288,935) | (2,229) (10,468) |
| Other | (101,231) | (17,710) | (109,994) | (288,933) | 1,480,076 |
| Due to other funds | (15,275,326) | 176 | - | (15,275,150) | - |
| Interfund payable | - | - | (270,862) | (270,862) | - |
| Advances from other funds | - | - | - | - | - |
| Due to other governments | - | - | 29.510 | 29.510 | - |
| Unearned revenues Compensated absences | (211,589) | 9,258 | 28,510 (340,024) | 28,510 (542,355) | 204,816 |
| Total adjustments | 6,578,620 | 3,521,732 | (760,065) | 9,340,287 | 7,932,822 |
| 3 | | | | | |
| Net cash provided by (used for) operating activities | \$ 10,818,989 | \$ 5,462,320 | \$ (1,201,121) | \$ 15,080,188 | \$ 5,815,848 |

Noncash transactions: The City transferred capital assets in the amount of 5,797,900 related to the Potter Park Zoo. This transaction did not involve cash.

Fiduciary Fund Financial Statements

Pension (and Other Post Employment Benefits) Trust Funds – Employee Pension Trust funds accept payments made by the City, invest fund resources, and calculate and pay pensions to beneficiaries.

Combining schedules for fiduciary funds are presented in the notes to the financial statements.

Agency Funds – These funds account for resources held in a trustee or agent capacity for the 54-A District Court.

Combining statements for agency funds are presented, by fund type, beginning on page 102.

City of Lansing Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2008

| | Pension Trust Funds | Agency Funds |
|-----------------------------------|------------------------|-----------------|
| Assets | | |
| Cash and cash equivalents | \$ 10,198,543 | \$ - |
| Equity in pooled cash | (1,005,734) | 207,997 |
| Investments: | | |
| U. S. Government obligations | 87,759,911 | - |
| Corporate bonds | 1,695,236 | - |
| Common stocks | 111,135,614 | - |
| Mutual funds | 269,416,510 | - |
| Contribution receivable | 3,638,917 | - |
| Dividends and interest receivable | 738,487 | |
| Total assets | 483,577,484 | \$ 207,997 |
| Liabilities | | |
| Accounts payable | 3,068,109 | \$ - |
| Undistributed receipts | | 207,997 |
| Total liabilities | 3,068,109 | \$ 207,997 |
| Net assets held in trust for: | | |
| Pension benefits | 445,606,744 | |
| Other postemployment benefits | 34,902,631 | |
| Total net assets | \$ 480,509,375 | |

City of Lansing Statement of Changes in Fiduciary Net Assets Pension Trust Funds For the Year Ended June 30, 2008

| Additions Investment income: | |
|---|-----------------|
| Net depreciation in fair value | |
| of investments | \$ (41,232,098) |
| Interest income | 5,466,913 |
| Dividend income | 744,237 |
| Less investment expenses | (1,933,356) |
| Net investment loss | (36,954,304) |
| Contributions: | |
| Employer | 31,527,426 |
| Plan members | 3,764,549 |
| Total contributions | 35,291,975 |
| Total additions | (1,662,329) |
| Deductions | |
| Participant benefits | 52,606,479 |
| Administrative expense | 61,095 |
| Total deductions | 52,667,574 |
| Net deductions to net assets held in trust | (54,329,903) |
| Net assets held in trust for pension and other postemployment benefits: | |
| Beginning of year | 534,839,278 |
| End of year | \$ 480,509,375 |

COMPONENT UNITS FINANCIAL STATEMENTS

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate from the City but for which the City is financially accountable, or their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The City has three discretely presented component units:

Brownfield Redevelopment Authority
Tax Increment Finance Authority
Lansing Entertainment and Public Facilities Authority

Complete financial statements for each of the individual component units may be obtained from the entity's administrative offices.

City of Lansing
Combining Statement of Net Assets
Component Units
June 30, 2008

| | Brownfield Redevelopment Authority | Tax Increment Finance Authority | Lansing Entertainment & Public Facilities Authority | Totals |
|--|--|--|---|-----------------|
| Assets | | . | | |
| Cash and cash equivalents | \$ 468,432 | \$ 884,657 | \$ 900,981 | \$ 2,254,070 |
| Receivables, net | 315,880 | 1,512 | 535,542 | 852,934 |
| Inventories, prepaids and other assets | 50,948 | 37,801 | 98,612 | 187,361 |
| Restricted cash and cash equivalents | - | - | 561,042 | 561,042 |
| Capital assets being depreciated, net | | | 119,606 | 119,606 |
| Total assets | 835,260 | 923,970 | 2,215,783 | 3,975,013 |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | 36,914 | 267,618 | 892,131 | 1,196,663 |
| Accrued interest payable | 32,273 | 10,731,864 | - | 10,764,137 |
| Unearned revenues | 468 | | 671,683 | 672,151 |
| Long-term debt: | | | | |
| Due within one year | 365,000 | 2,790,601 | 14,832 | 3,170,433 |
| Due in more than one year | 1,695,000 | 25,038,270 | 38,135 | 26,771,405 |
| Total noncurrent liabilities | 2,060,000 | 27,828,871 | 52,967 | 29,941,838 |
| Total liabilities | 2,129,655 | 38,828,353 | 1,616,781 | 42,574,789 |
| Net assets | | | | |
| Invested in capital assets, net of | | | | |
| related debt | - | - | 66,639 | 66,639 |
| Unrestricted (deficit) | (1,294,395) | (37,904,383) | 532,363 | (38,666,415) |
| Total net assets (deficit) | \$ (1,294,395) | \$(37,904,383) | \$ 599,002 | \$ (38,599,776) |

City of Lansing
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2008

| | Brownfield Redevelopment Authority | Tax Increment Finance Authority | Lansing Entertainment & Public Facilities Authority | Totals |
|---|--|--|---|---------------------------|
| Expenses Brownfield redevelopment Community development | \$ 1,180,374 | \$ - 3,624,584 | \$ - - | \$ 1,180,374 3,624,584 |
| Recreation and culture | | | 6,084,352 | 6,084,352 |
| Total expenses | 1,180,374 | 3,624,584 | 6,084,352 | 10,889,310 |
| Program revenues | | | 4.045.061 | 4.045.061 |
| Charges for services Operating grants and contributions | 323,424 | 6,750 | 4,945,861 1,188,726 | 4,945,861 1,518,900 |
| Total program revenues | 323,424 | 6,750 | 6,134,587 | 6,464,761 |
| Net program expense (revenue) | (856,950) | (3,617,834) | 50,235 | (4,424,549) |
| General revenues | | | | |
| Property taxes | 1,311,176 | 5,640,808 | _ | 6,951,984 |
| Unrestricted investment earnings | 18,883 | 136,670 | 13,173 | 168,726 |
| Total general revenues | 1,330,059 | 5,777,478 | 13,173 | 7,120,710 |
| Change in net assets | 473,109 | 2,159,644 | 63,408 | 2,696,161 |
| Net assets (deficit), beginning of year | (1,767,504) | (40,064,027) | 535,594 | (41,295,937) |
| Net assets (deficit), end of year | \$ (1,294,395) | \$ (37,904,383) | \$ 599,002 | \$(38,599,776) |

NOTES to the FINANCIAL STATEMENTS

City of Lansing, Michigan

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Notes to the Financial Statements

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Notes To Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting Entity

The City of Lansing (the "City") was incorporated in 1859. In 1909, the City came under the provisions of Act 279, P.A. 1909, as amended ("Home Rule City Act"). The City operates under a strong Mayor form of government in which the Mayor is responsible for implementation and administration of City policy as established by City Council.

The accounting and reporting policies of the City conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). Following is a summary of the significant policies:

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

- (1) **Blended Component Units:** A blended component unit is a legally separate entity from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and its financial data is combined with data of the appropriate funds. The City has one blended component unit, the Building Authority with a fiscal June 30 year-end. This component unit provides services primarily to benefit the City. The blended unit is described as follows:
 - (a) **Building Authority (the "Authority"):** The Authority was established by the City under Act 31, Michigan Public Acts of 1948. The Mayor, with the advice and consent of City Council, appoints the Authority's governing body and designates management. The Authority uses the proceeds of its tax-exempt bonds to finance the construction or acquisition of capital assets for the City only. The bonds are secured by lease agreements with the City and will be retired through lease payments from the City. The financial activity, assets, liabilities and equity of the Authority are incorporated within the City's Municipal Parking System and Golf enterprise funds, and the 1998 Building Authority Debt Service Fund.
- (2) **Discretely Presented Component Units:** Discretely presented component units are entities that are legally separate from the City but for which the City is financially accountable, or their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The City has three discretely presented component units, the Brownfield Redevelopment Authority, the Tax Increment Financing Authority and the Lansing Entertainment and Public Facilities Authority, each with a fiscal June 30 year-end. The discretely presented component units are as follows:

Notes To Financial Statements

(a) **Brownfield Redevelopment Authority:** The Authority was established by the City on August 17, 1997, under the authority contained in Act 381, Michigan Public Acts of 1996 (the Act). The Act authorizes the City to establish and to designate the boundaries of a Brownfield redevelopment zone. The Authority is appointed by City Council to preside over such a zone, and it is authorized to promote the revitalization of environmentally distressed areas within the City of Lansing. The Act allows the Authority to participate in a broad range of improvement activities intended to encourage the reuse of industrial and commercial property by offering economic incentives for redevelopment to prevent property value deterioration. Tax increment financing plans must be approved by the City.

Tax increment financing permits the Authority to capture tax revenues which are attributable to increases in the value of real and personal property located within an approved project area. Current activities of the Authority include collections of property tax revenues on project areas for the Rite Aid Pharmacy and the former Motor Wheel Site Plant.

- (b) Tax Increment Finance Authority ("TIFA"): The TIFA was established by the City under the authority contained in Act 450, Michigan Public Acts of 1981. The Act authorizes the City to designate specific districts within its corporate limits as TIFA districts. The TIFA presides over such districts, formulating plans for public improvements, economic development, neighborhood revitalization, and historic preservation within the districts. The Act allows the TIFA to participate in a broad range of improvement activities intended to contribute to economic growth and prevent property value deterioration. The TIFA's governing body is appointed by the Mayor with the advice and consent of the City Council. Bond issuances, to fund the above activities, are approved by the City Council and the legal liability for the debt remains with the City.
- (c) Lansing Entertainment and Public Facilities Authority ("LEPFA"): LEPFA was established under the charter of the City of Lansing in February 1996, replacing the former Greater Lansing Convention/Exhibition Authority, which had been responsible for operating and managing the Lansing Center and the Lansing Civic Arena (the latter through the fiscal year ended June 30, 1995). LEPFA was established to oversee the management and operations of the Lansing Center, the City Market and the Oldsmobile Park stadium.

The Authority is chartered as a building authority under the provisions of Act 31, Public Acts of Michigan, 1948. In the event of dissolution or termination of the Authority, all assets and rights of the Authority shall revert to the City. The Authority's Board of Commissioners consists of thirteen members appointed by the Mayor of the City of Lansing and approved by the City Council.

Notes To Financial Statements

Component Unit Financial Statements: Complete financial statements for each of the individual component units may be obtained from the entity's administrative offices.

City of Lansing Building Authority 8th Floor 124 West Michigan Avenue Lansing, Michigan 48933

Brownfield Redevelopment Authority 401 S. Washington Square, Suite 100 Lansing, Michigan 48933

Tax Increment Finance Authority 401 S. Washington Square, Suite 100 Lansing, Michigan 48933

Lansing Entertainment and Public Facility Authority 333 East Michigan Avenue Lansing, Michigan 48933

1-B. Basis of Presentation

Government-wide Financial Statements. The statements of net assets and activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the City's governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Notes To Financial Statements

The City reports the following major governmental fund:

General fund. This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major enterprise funds:

Sewage Disposal System Fund. This fund accounts for the provision of sewage disposal services to the residents of the City.

Municipal Parking System Fund. This fund accounts for the operating of City-owned parking facilities.

Additionally, the City reports the following fund types:

Special revenue funds. These funds account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

Debt service funds. These funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital projects funds. These funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

Permanent funds. These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

Enterprise funds. These funds account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal service funds. These funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. This includes operating a maintenance facility for trucks and equipment used by the Public Service Department, and health care self-insurance services.

Pension Trust Funds – These funds account for the accumulation of resources to be used for retirement annuity payments to eligible full-time employees of the City, certain healthcare costs, and other retirement distributions.

Agency Funds – These funds account for resources held in a trustee or agent capacity for the 54-A District Court.

Notes To Financial Statements

1-C. Measurement Focus / Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within three months after year-end, except for income taxes that use a 45-day collection period, property taxes that use a 60-day collection period, and reimbursement-based grants that use one year. Property taxes, income taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues, subject to satisfying any grant program matching provisions.

Notes To Financial Statements

All governmental and business-type activities and enterprise funds of the City follow private-sector standards of accounting and financial reported issued prior to December 1, 1989, unless those standards conflict with guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

1-D. Assets, Liabilities and Equity

Deposits and Investments

The City maintains an investment pool for all City funds. Each fund's portion of the investment pool is displayed on the statement of net assets/balance sheet as "equity in pooled cash." The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

Unrealized appreciation or depreciation on pension trust fund investments due to changes in fair value are recognized each year.

Receivables and Payables

All trade and delinquent property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Certain notes receivable in governmental funds consist of rehabilitation and redevelopment loans that are generally not expected or scheduled to be collected in the subsequent year.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either *interfund receivables/payables* (i.e., the current portion of interfund loans) or *advances to/from other funds* (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as *due to/from other funds*. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as *internal balances*.

Notes To Financial Statements

Inventories, Prepaid Items and Other Assets

All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired or constructed since June 30, 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets that are used for governmental activities are only reported in the government-wide statements. Infrastructure ("public domain") assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters are capitalized. With this measurement focus, all assets and liabilities (whether current or noncurrent) associated with the operations of these funds are included on the government-wide statement of net assets.

All land and non-depreciable land improvements are capitalized, regardless of cost. Equipment and vehicles are capitalized when the cost of individual items exceed \$5,000. The road and sewer networks are all capitalized regardless of cost. Buildings are capitalized over \$100,000, and the recreational facilities' thresholds range from \$25,000 to \$50,000.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-----------------|--------------|
| Buildings | 20-50 |
| Improvements | 8-50 |
| Equipment | 3-15 |
| Sanitary sewers | 50 |
| Infrastructure | 10-75 |

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and compensatory time benefits, subject to certain limitations. Certain bargaining unit employees are also permitted to accumulate earned but unused sick leave. All vacation and compensatory time pay and 50 percent of sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Notes To Financial Statements

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Fund balance designations represent tentative management plans that are subject to change.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before the fourth Monday in March, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing on the proposed use of funds is held by the Mayor, and a public hearing on the annual appropriations as proposed by the City Council is held no later than one week prior to adoption of the annual appropriation measure.
- Not later than the third Monday in May, the Council adopts a budget for the ensuing fiscal year, makes an appropriation of the money needed therefore, and sets the property tax rate necessary to support the appropriations measure.

Notes To Financial Statements

- The appropriated budget is prepared by fund, department and the mandatory expenditure accounts as established by the State of Michigan's Uniform Chart of Accounts. The legal level of budgetary control is the mandatory expenditure accounts level. The mandatory accounts are personal services, supplies and operating expense, capital outlay, debt service, transfers and contingency. Transfers of appropriations between the mandatory accounts require the approval of the City Council. However, the Mayor may authorize budget transfers between mandatory accounts in a department, but the additional amount may not exceed fifteen (15%) of the Council's appropriation being added to, or five thousand dollars (\$5,000), whichever is less. Budget-to-actual schedules that demonstrate compliance at the legal level of budgetary control are not included herein as it would be impractical due to the high level of detail that would be needed. Such schedules are included in the City's separately issued Budget Report. Copies of the report may be obtained from the Finance Department, 124 West Michigan Avenue, Lansing, Michigan 48933.
- The City formally adopts operating budgets for the General Fund and all Special Revenue Funds.
- Budgetary integration is employed as a management control device during the year for all budgeted funds. Except for the General Fund, these budgets are adopted on a basis consistent with generally accepted accounting principles ("GAAP"). In the General Fund, capital lease payments / installment payments are budgeted, but capital lease acquisitions are not.
- Appropriations lapse at year-end for all annual budgets. Appropriations are automatically carried forward for project-type budgets.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

2-B. Deficit Fund Balance/Net Assets

The Special Assessments capital projects fund has a deficit fund balance of \$160,176. This deficit is the result of a long-term advance from the general fund that was used to provide the working capital for the fund in prior years. As special assessments are collected, this deficit will be eliminated, and the advance repaid.

Notes To Financial Statements

NOTE 3 – DETAILED NOTES ON ALL FUNDS

3-A. Deposits and Investments

Following is a reconciliation of deposit and investment balances (including both pooled cash and investments as well as pension trust fund balances; see Note 3-B) as of June 30, 2008:

| Statement of Net Assets | | |
|---|-----------|--------------------------|
| Cash and investments | \$ | 56,725,069 |
| Restricted cash and investments | | 31,591,445 |
| Statement of Fiduciary Net Assets | | |
| Pension trust funds: | | |
| Cash and cash equivalents | | 10,198,543 |
| Equity in pooled cash | | (1,005,734) |
| Investments | | 470,007,271 |
| Agency fund: | | , , |
| Equity in pooled cash | | 207,997 |
| Total | <u>\$</u> | <u>567,724,591</u> |
| | | |
| Deposits and Investments: | | |
| Deposits and Investments: Bank deposits: | | |
| | \$ | (737,983) |
| Bank deposits: | \$ | (737,983) 46,779,011 |
| Bank deposits: Checking/savings accounts | \$ | |
| Bank deposits: Checking/savings accounts Certificates of deposit (due within one year) | \$ | |
| Bank deposits: Checking/savings accounts Certificates of deposit (due within one year) Investments in securities and mutual funds: | · | 46,779,011 |
| Bank deposits: Checking/savings accounts Certificates of deposit (due within one year) Investments in securities and mutual funds: Pooled investments | · | 46,779,011 41,298,529 |

The City chooses to disclose its pooled investments by specifically identifying each. As of year end, the City had the following pooled investments.

| | Carrying Amount (Fair <u>Value</u>) | Credit Rating |
|---|---|---------------|
| Mutual and cash management funds (uncategorized as to risk) | <u>\$ 41,298,529</u> | -n/a- |

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Notes To Financial Statements

Credit Risk. State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings, where applicable, have been identified above for the City's investments.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require and the City does not have a policy for deposit custodial credit risk. As of year-end, \$46,465,597 of the City's bank balance of \$47,377,049 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The City's investment policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. On the investments listed above, there is no custodial credit risk, as these investments are uncategorized as to credit risk.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

3-B. Deposits, Investments and Securities Lending – Pension Trust Funds

The deposits and investments of the City's pension trust funds are maintained separately from the City's pooled cash and investments, and are subject to separate investment policies and state statutes. Accordingly, the required disclosures for the pension deposits and investments are presented separately.

<u>Deposits</u> - The pension trust funds do not maintain any checking or other demand/time deposit accounts. Amounts reported as cash and cash equivalents in the statement of plan net assets are composed entirely of short-term investments in money market accounts.

Notes To Financial Statements

<u>Investments</u> - The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the pension trust funds to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The retirement boards have the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the pension trust funds' assets. All investment decisions are subject to Michigan law and the investment policy established by the retirement boards.

The investments of each pension trust fund are held in a bank administered trust fund. Following is a summary of pension investments as of June 30, 2008:

| | Employees' Retirement System | 1 | Police and Fire Retirement System | Money Purchase Pension Plan | Н | Retiree ealth Care VEBA | Totals |
|--|------------------------------------|----|--|--------------------------------------|----|-------------------------------|-------------------|
| Investments at fair value, as determined | _ | | _ | _ | | _ | _ |
| by quoted market price: | | | | | | | |
| U.S. treasuries: | | | | | | | |
| On securities loan | \$ 8,114,808 | \$ | 10,067,112 | \$ - | \$ | - | \$ 18,181,920 |
| U.S. agencies: | | | | | | | |
| Not on securities loan | 28,475,081 | | 38,014,121 | - | | - | 66,489,202 |
| On securities loan | 1,715,023 | | 1,373,765 | - | | - | 3,088,788 |
| Domestic corporate securities: | | | | | | | |
| Not on securities loan | - | | 1,445,526 | - | | - | 1,445,526 |
| Collateralized mortgage obligations | 104,046 | | 145,664 | - | | - | 249,710 |
| Domestic equities: | | | | | | | |
| Not on securities loan | 36,343,272 | | 49,048,090 | - | | - | 85,391,362 |
| On securities loan | 10,376,531 | | 15,367,154 | - | | - | 25,743,685 |
| Real estate investment funds | 10,432,000 | | 14,822,000 | - | | - | 25,254,000 |
| International equity mutual funds | 11,174,000 | | 28,249,000 | - | | - | 39,423,000 |
| Domestic equity mutual funds | 45,096,000 | | 64,763,000 | 1,954,587 | | 3,789,438 | 115,603,025 |
| Domestic debt securities mutual funds | 39,934,278 | | 45,380,414 | - | | 3,821,791 | 89,136,483 |
| Money market funds | 5,268,565 | | 4,929,979 | | | 2 | 10,198,546 |
| Total investments | \$ 197,033,851 | \$ | 273,606,145 | \$ 1,954,587 | \$ | 7,611,231 | \$ 480,205,814 |

Notes To Financial Statements

Credit Risk. The City's pension investment policies provide that at least 90% of its investments in fixed income securities be rated BBB- or better by a nationally recognized statistical rating organization and the remaining 10% be rated at least B- or better. The City's pension investments were rated by Standard & Poor's as follows:

| | Employees' Retirement System | Police and Fire Retirement System | Employees' Money Purchase Pension Plan | Retiree Health Care VEBA | Totals |
|------------------|------------------------------|--|--|--------------------------------|----------------|
| AAA | \$ 10,574,779 | \$ 13,552,126 | \$ - | \$ - | \$ 24,126,905 |
| AA- | 39,934,278 | 45,380,414 | - | - | 85,314,692 |
| Not rated | 1,505,007 | 1,599,826 | - | 3,821,781 | 6,926,614 |
| Assets not subje | ct | | | | |
| to credit risk | 145,019,787 | 213,073,779 | 1,954,587 | 3,789,450 | 363,837,603 |
| | \$ 197,033,851 | \$ 273,606,145 | \$ 1,954,587 | \$ 7,611,231 | \$ 480,205,814 |

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's pension investment policies require that investment securities be held in trust by a third-party institution in the name of the pension trust fund. As such, although uninsured and unregistered, the City's pension investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the name of the pension trust fund.

Short-term investments in money market funds are not subject to custodial credit risk.

Notes To Financial Statements

Concentration of Credit Risk. At June 30, 2008, the pension investment portfolio was concentrated as follows:

| Investment Type | | Issuer | Employees' Retirement System | Police and Fire Retirement System |
|-----------------|-------|--------|------------------------------|--|
| U.S. Agencies | FHLMC | | 6.4% | 5.9% |
| U.S. Agencies | FNMA | | 6.9% | 6.8% |

The City's pension investment policies require diversification of fixed income securities; however, they do not specify percentages of dollar amounts by industry or issuer.

Interest Rate Risk. As of June 30, 2008, maturities of the City's pension debt securities were as follows:

| | | | Investm | ent N | Maturities (Fai | ir Va | lue) | | |
|--------------------------------------|-----------------|----|-----------|-------|-----------------|-------|------------|----|------------|
| | Less than | | | | | | More than | | |
| | 1 year | 1 | - 5 years | 6 | 6 - 10 years | | 10 years | | Total |
| Employees' Retirement System: | | | | | | | | | |
| U.S. treasuries | \$ 1,829,562 | \$ | 263,798 | \$ | 3,500,488 | \$ | 2,520,960 | \$ | 8,114,808 |
| U.S. agencies | 198,488 | | 4,585,254 | | 8,696,667 | | 16,709,695 | | 30,190,104 |
| Collateralized mortgage obligations | - | | _ | | - | | 104,046 | | 104,046 |
| | | | | | | | | | |
| | \$ 2,028,050 | \$ | 4,849,052 | \$ | 12,197,155 | \$ | 19,334,701 | \$ | 38,408,958 |
| | | | | | | | | | |
| Police and Fire Retirement System: | | | | | | | | | |
| U.S. treasuries | \$ 2,035,075 | \$ | 492,947 | \$ | 3,889,719 | \$ | 3,649,371 | \$ | 10,067,112 |
| U.S. agencies | 529,600 | | 5,352,738 | | 12,027,766 | | 21,477,782 | | 39,387,886 |
| Domestic corporate securities | 1,272,245 | | - | | 173,281 | | - | | 1,445,526 |
| Collateralized mortgage obligations | - | | | | | _ | 145,664 | _ | 145,664 |
| | \$ 3,836,920 | \$ | 5,845,685 | \$ | 16,090,766 | \$ | 25,272,817 | \$ | 51,046,188 |

The City's pension investment policies provide that the average duration of fixed income securities shall not deviate from the Lehman Brothers Aggregate Index duration by $\pm -20\%$.

Notes To Financial Statements

Securities Lending. Under contracts approved by the City, the pension trust funds are permitted to lend their securities to broker-dealers and banks (borrowers) for collateral that will be returned for the same securities in the future. The pension trust funds' custodial banks manage the securities lending programs and receive cash as collateral. The collateral securities cannot be pledged or sold by the City unless the borrower defaults. Collateral cash is initially pledged at 100 percent of the fair value of the securities lent, and may not fall below 95 percent of the market value of the loaned security during the term of the loan. At all times, collateral cannot be more than \$100,000 less than the market value of the loaned security. There are no restrictions on the amount of securities that can be loaned. Securities on loan at year-end are classified in the preceding schedule of custodial credit risk according to the category for the collateral received on the securities lent. At year-end, the pension trust funds have no credit risk exposure to borrowers because the amounts the City owes the borrowers exceed the amounts the borrowers owe the City. The contract with the pension trust fund custodians require them to indemnify the City if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the City for income distributions by the securities' issuers while the securities are on loan.

3-C. Receivables

Receivables are comprised of the following:

| | Governmental <u>Activities</u> | Business- Type <u>Activities</u> |
|---|--------------------------------|--|
| Accounts receivable, net | \$ 18,929,832 | \$ 5,110,123 |
| Taxes receivable | 244,239 | - |
| Special assessments receivable | 930,117 | - |
| Loans receivable | 1,404,118 | - |
| Accrued interest receivable | 1,776,203 | 321,526 |
| Due from other governments | 11,551,542 | - |
| Due from component units | 267,618 | - |
| Lease receivable | _ | 21,039,103 |
| | <u>\$ 35,103,669</u> | <u>\$ 26,470,752</u> |
| Amount not expected to be collected within one year | \$ 3.643.576 | \$ 18 371 840 |
| conceicd within one year | <u>\$\psi\$ 3,043,370</u> | <u>Ψ 10,3/1,040</u> |

Notes To Financial Statements

3-D. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Primary government

| | Beginning | _ | . | Ending |
|--|----------------|---------------|-----------------|----------------|
| | Balance | Increases | Decreases | Balance |
| Governmental activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 24,590,068 | \$ 150,568 | \$ - | \$ 24,740,636 |
| Construction in progress | 15,159,882 | 7,258,614 | (11,623,781) | 10,794,715 |
| Total capital assets not being depreciated | 39,749,950 | 7,409,182 | (11,623,781) | 35,535,351 |
| Capital assets, being depreciated: | | | | |
| Land improvements | 8,993,569 | 83,091 | - | 9,076,660 |
| Equipment and vehicles | 39,789,825 | 1,574,423 | (1,281,610) | 40,082,638 |
| Buildings | 92,620,274 | 18,804,317 | - | 111,424,591 |
| Infrastructure | 312,838,763 | 7,500,663 | (14,747,700) | 305,591,726 |
| Total capital assets being depreciated | 454,242,431 | 27,962,494 | (16,029,310) | 466,175,615 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (4,782,720) | (450,722) | - | (5,233,442) |
| Equipment and vehicles | (31,579,995) | (2,468,243) | 1,281,610 | (32,766,628) |
| Buildings | (44,544,645) | (7,253,333) | - | (51,797,978) |
| Infrastructure | (191,708,657) | (8,520,221) | 11,782,523 | (188,446,355) |
| Total accumulated depreciation | (272,616,017) | (18,692,519) | 13,064,133 | (278,244,403) |
| Total capital assets, being depreciated, net | 181,626,414 | 9,269,975 | (2,965,177) | 187,931,212 |
| Governmental activities capital assets, net | \$ 221,376,364 | \$ 16,679,157 | \$ (14,588,958) | \$ 223,466,563 |

Notes To Financial Statements

| | Beginning | | | Ending |
|--|----------------|---------------|-----------------|----------------|
| | Balance | Increases | Decreases | Balance |
| Business-type activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 13,889,542 | \$ - | \$ (202,579) | \$ 13,686,963 |
| Construction in progress | 42,171,696 | 33,294,286 | (24,065,697) | 51,400,285 |
| Total capital assets not being depreciated | 56,061,238 | 33,294,286 | (24,268,276) | 65,087,248 |
| Capital assets, being depreciated: | | | | |
| Land improvements | 23,205,823 | 122,711 | (6,369) | 23,322,165 |
| Equipmnet and vehicles | 5,549,433 | 550,785 | (452,302) | 5,647,916 |
| Buildings | 195,255,916 | 237,247 | (9,458,981) | 186,034,182 |
| Sewers | 225,013,246 | 21,949,075 | | 246,962,321 |
| Total capital assets being depreciated | 449,024,418 | 22,859,818 | (9,917,652) | 461,966,584 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (8,683,584) | (555,886) | 6,369 | (9,233,101) |
| Equipment and vehicles | (4,658,811) | (305,312) | 452,302 | (4,511,821) |
| Buildings | (91,355,226) | (4,238,488) | 3,811,651 | (91,782,063) |
| Sewers | (41,289,725) | (4,849,596) | | (46,139,321) |
| Total accumulated depreciation | (145,987,346) | (9,949,282) | 4,270,322 | (151,666,306) |
| Total capital assets, being depreciated, net | 303,037,072 | 12,910,536 | (5,647,330) | 310,300,278 |
| Business-type activities capital assets, net | \$ 359,098,310 | \$ 46,204,822 | \$ (29,915,606) | \$ 375,387,526 |

Depreciation expense was charged to functions/programs of the primary government as follows:

| Governmental activities: | |
|---|------------------|
| General government | \$ 907,454 |
| Public safety | 686,385 |
| Public works | 8,536,810 |
| Recreation and culture | 5,483,526 |
| Community development | 1,460,023 |
| Internal service | 1,618,321 |
| | |
| Total depreciation expense - governmental activities | \$ 18,692,519 |
| | |
| Business-type activities: | |
| Sewage disposal system | \$ 7,651,243 |
| Potter Park Zoo | 32,824 |
| Golf | 130,393 |
| Municipal parking system | 2,089,788 |
| Other | 45,034 |
| Total depreciation expense - business-type activities | |

Notes To Financial Statements

3-E. Payables

Accounts payable and accrued liabilities are comprised of the following:

| Accounts payable Deposits payable Accrued payroll Contract retainage payable Indemnity bonds Due to other governments Due to component unit Other | Governmental <u>Activities</u> | Business- Type <u>Activities</u> |
|---|-----------------------------------|--|
| Accounts payable | \$ 9,674,636 | \$ 6,483,252 |
| Deposits payable | 233,555 | 43,335 |
| Accrued payroll | 2,984,160 | 151,718 |
| Contract retainage payable | 2,961,666 | - |
| Indemnity bonds | 2,060 | - |
| Due to other governments | 1,790,874 | 125,089 |
| <u> </u> | 65,456 | |
| Other | 2,449,726 | |
| | <u>\$ 20,162,133</u> | <u>\$ 6,803,394</u> |

3-F. Interfund Receivables, Payables and Transfers

At June 30, 2008, amounts due to/due from other funds were as follows:

| | | | Due Fi | rom | l | | | |
|-----------------------------|-----------------|----|------------|-----|----------|----|-----------|-----------------|
| | | N | Vonmajor | | Sewage | N | Iunicipal | |
| | General | Go | vernmental | | Disposal | | Parking | |
| | Fund | | Funds | | System | | System | Total |
| Due to: | | | | | | | | |
| General Fund | \$ - | \$ | - | \$ | 334,878 | \$ | 825 | \$ 335,703 |
| Nonmajor governmental funds | 191 | | 968,222 | | - | | - | 968,413 |
| Sewage Disposal System | 4,974,166 | | - | | - | | - | 4,974,166 |
| | | | | | | | | |
| | \$ 4,974,357 | \$ | 968,222 | \$ | 334,878 | \$ | 825 | \$ 6,278,282 |

The above balances generally resulted from a time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Notes To Financial Statements

At June 30, 2008, advances to/due from other funds were as follows:

| | vances To her Funds | nces From her Funds |
|---|-------------------------------|----------------------------|
| General Fund Municipal Parking System Nonmajor governmental funds | \$ 307,848 - 192,439 | \$ 192,439 307,848 |
| | \$ 500,287 | \$ 500,287 |

In addition, at June 30, 2008, the following interfund receivables/payables were reported for funds with negative equity in pooled cash and investments:

| | Interfund Receivable |] | Interfund Payable |
|--|-------------------------|----|----------------------|
| Nonmajor governmental funds Nonmajor enterprise funds | \$ 3,677,051 | \$ | 3,580,778 96,273 |
| | \$ 3,677,051 | \$ | 3,677,051 |

For the year then ended June 30, 2008, interfund transfers consisted of the following:

| | | | | Trans | fer | To | | | | | |
|-----------------------------|---------------|----|-------------|---------------|-----|------------|---------------|----|------------|------|------------|
| | | | Nonmajor | Sewage | | Nonmajor | Internal | | | | |
| | General | G | overnmental | Disposal |] | Enterprise | Service | Go | vernmental | | |
| | Fund | | Funds | System | | Funds | Funds | | Activities | | Total |
| Transfer From | | | | | | | | | | | |
| General Fund | \$ - | \$ | 4,233,647 | \$ - | \$ | 1,176,404 | \$ 645,000 | \$ | - 3 | \$ | 6,055,051 |
| Nonmajor governmental funds | - | | 6,404,660 | - | | 70,043 | - | | - | | 6,474,703 |
| Sewage Disposal System | 300,000 | | 251,874 | - | | - | - | | - | | 551,874 |
| Municipal Parking | - | | 2,115,373 | 251,874 | | - | - | | - | | 2,367,247 |
| Nonmajor enterprise funds | 188,977 | | 12,990 | - | | - | - | | 5,797,900 | | 5,999,867 |
| | | | | | | | - | | | | |
| | \$ 488,977 | \$ | 13,018,544 | \$ 251,874 | \$ | 1,246,447 | \$ 645,000 | \$ | 5,797,900 | \$: | 21,448,742 |
| | | | | | | | | | | | |

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The \$5,797,900 transfer from nonmajor enterprise funds to governmental activities represents the transfer of capital assets related to the Potter Park Zoo. The operations of the Zoo were transferred to Ingham County in fiscal year 2008, though the City retained title to the Zoo property. As the City is no longer responsible for the Zoo's operations, an enterprise fund will no longer be used to account for the capital assets. This transfer was reported on the financial statements as a special item.

Notes To Financial Statements

3-G. Long-term Debt

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 30-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

| | Interest Rate | Original Amount | Amount |
|---|------------------|----------------------|----------------------|
| General obligation bonds | | | |
| Governmental activities | | | |
| 1996 Unlimited Tax Refunding Bond | 5.00% | \$ 10,800,000 | \$ 1,470,000 |
| 1999 Fire Station Unlimited Tax Bond | 5.00%-5.70% | 3,000,000 | 350,000 |
| 2001 Fire Station Unlimited Tax Bond | 4.00%-5.00% | 4,000,000 | 3,170,000 |
| 2006 Lansing Center Limited Tax Bonds | 3.50%-4.30% | 4,000,000 | 3,635,000 |
| 2006 Michigan Transportation Fund Limited Tax Bonds | 3.50%-3.60% | 1,600,000 | 1,010,000 |
| 2005 Building Authority Refunding Bonds | 3.50%-5.00% | 1,470,000 | 1,360,000 |
| 2007 Michigan Transportation Fund Limited Tax Bonds | 3.625%-5.00% | 1,137,600 | 1,045,200 |
| 2007 Michigan Transportation Fund Limited Tax Bonds | 3.625%-5.00% | 3,602,400 | 3,309,800 |
| 2007 Fire Station Refunding Bonds | 3.625%-5.00% | 1,780,000 | 1,775,000 |
| 2008 Michigan Transportation Fund Limited Tax Bonds | 3.00%-4.00% | 3,500,000 | 3,500,000 |
| | | \$ 34,890,000 | \$ 20,625,000 |
| Business-type activities | | | |
| 1990 Building Authority Municipal Parking System Limited Tax Bond | 0.00% | \$ 64,635,000 | \$ 28,985,000 |
| 2003 Building Authority A Municipal Parking System Limited Tax Bond | 3.00%-4.35% | 10,340,000 | 2,245,000 |
| 2003 Building Authority B Municipal Parking System Taxable Bond | 3.85%-6.25% | 8,660,000 | 8,020,000 |
| 2005 Building Authority Refunding Bonds | 3.50-5.00% | 15,975,000 | 13,775,000 |
| 2007 Building Authority Refunding Bonds | 3.625%-5.00% | 7,965,000 | 7,945,000 |
| 1996 Building Authority Golf Course Limited Tax Bond | 3.80%-5.70% | 1,300,000 | 770,000 |
| 1992 Limited Tax Sewer Bond - 5005-01 | 2.50% | 7,128,800 | 2,435,000 |
| 1993 Limited Tax Sewer Bond - 5005-02 | 2.50% | 8,150,050 | 3,110,000 |
| 1994 Limited Tax Sewer Bond - 5005-03 | 2.50% | 3,234,722 | 1,390,000 |
| 1994 Limited Tax Sewer Bond - 5005-04 | 2.00% | 3,727,138 | 1,427,138 |
| 1994 Limited Tax Sewer Bond - 5005-05 1994 Limited Tax Sewer Bond - 5005-06 | 2.25% 2.25% | 515,969 7,595,611 | 170,000 2,990,000 |
| 1994 Limited Tax Sewer Bond - 5005-06 1996 Limited Tax Sewer Bond - 5005-07 | 2.25% | 3,365,073 | 1,675,073 |
| 1996 Limited Tax Sewer Bond - 5005-07 1996 Limited Tax Sewer Bond - 5005-08 | 2.25% | 3,995,000 | 2,220,000 |
| 1996 Limited Tax Sewer Bond - 5005-08 1997 Limited Tax Sewer Bond - 5005-09 | 2.25% | 4,746,780 | 2,806,780 |
| 1998 Limited Tax Sewer Bond - 5005-09 | 2.25% | 10,539,950 | 6,759,950 |
| 1999 Limited Tax Sewer Bond - 5005-10 | 2.50% | 10,339,930 | 6,665,000 |
| 2000 Limited Tax Sewer Bond - 5005-11 | 2.50% | 9,447,830 | 6,567,830 |
| 2001 Limited Tax Sewer Bond - 5005-12 2001 Limited Tax Sewer Bond - 5005-13 | 2.50% | 10,573,046 | 7,873,046 |
| 2002 Limited Tax Sewer Bond - 5005-13 | 2.50% | 12,381,131 | 10,171,131 |
| 2003 Limited Tax Sewer Bond - 5005-14 2003 Limited Tax Sewer Bond - 5005-15 | 2.50% | 10,259,826 | 9,014,826 |
| 2004 Limited Tax Sewer Bond - 5005-15 | 2.13% | 3,070,277 | 2,685,277 |
| 2005 Limited Tax Sewer Bond - 5005-16 | 2.13% | 4,739,023 | 7,276,646 |
| 2005 Limited Tax Sewer Bond - 5005-17 2005 Limited Tax Sewer Bond - 5005-18 | 1.63% | 10,600,905 | 9,980,905 |
| 2006 Limited Tax Sewer Bond - 5005-18 | 1.63% | 18,855,000 | 16,856,539 |
| 2007 Limited Tax Sewer Bond - 5005-19 2007 Limited Tax Sewer Bond - 5005-20 | 1.63% | 26,000,000 | 15,885,499 |
| 2007 Limited Tax Sewer Bolid - 3003-20 2008 Limited Tax Sewer Bond - 5005-21 | 2.50% | 29,130,000 | 2,718,968 |
| | | \$ 307,051,131 | \$ 182,419,608 |

Notes To Financial Statements

At year end, defeased bonds outstanding consisted of \$1,725,000 of the 1999 Fire Station Unlimited Tax Bonds, which are scheduled to be repaid by the escrow agent on May 1, 2010, and \$7,485,000 of the 2003 Building Authority A Municipal Parking System Limited Tax Bonds, which are scheduled to be paid by the escrow agent on June 1, 2013.

Special assessment bonds. The City also issues bonds to finance certain public improvements that benefit specific districts. These districts are special assessed, at least in part, for the cost of the improvements. Under Michigan law, the City is secondarily liable for repayment of these bonds. Special assessment bonds outstanding at year-end are as follows:

| | Interest | (| Original | |
|--|----------|----|----------|------------|
| | Rate | A | Amount | Amount |
| Special assessment bonds | | | | |
| Governmental activities | | | | |
| 1990 Limited Tax Special Assessment Bond | 5.00% | \$ | 800,000 | \$ - |

Revenue bonds. The City also issues bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding at year-end are as follows:

| | Interest Rate | Original Amount | Amount |
|-------------------------------------|---------------|--------------------|---------------|
| Revenue bonds | | | _ |
| Business-type activities | | | |
| 1998 Sewer Revenue & Refunding Bond | 2.50% | \$ 26,415,000 | \$ 5,265,000 |
| 2003 Sewer Revenue & Refunding Bond | 2.50% | 39,880,000 | 35,860,000 |
| | | \$ 66,295,000 | \$ 41,125,000 |

Notes To Financial Statements

Installment purchase agreements. The government enters into installment purchase agreements for equipment and related capital assets. Installment purchase agreements outstanding at year-end are as follows:

| | Interest Rate | Original Amount | Amount |
|---|------------------|--------------------|------------------|
| Installment purchase agreements | | | |
| Governmental activities | | | |
| 2002 Lease Purchase Agreement - Computer Software | 3.20% | \$ 1,500,000 | \$ - |
| 2004 Lease Purchase Agreement - Roof and Fire Suppression | 2.77% | 570,000 | 300,668 |
| 1999 Lease Purchase Agreement - Stadium | 5.20%-6.05% | 11,000,000 | 1,940,000 |
| 2005 Lease Purchase Agreement - LEPFA Extractor and Wall | 4.51% | 392,046 | 225,624 |
| 2005 Lease Purchase Agreement - LEPFA Carpet | 4.51% | 126,418 | 94,479 |
| 2005 Lease Purchase Agreement - Income Tax Software | 3.76% | 430,000 | 225,050 |
| 2005 Lease Purchase Agreement - LEPFA Equipment | 4.24% | 81,500 | 64,268 |
| 2001 Lease Purchase Agreement - O&M Facility | 5.35% | 1,925,000 | 1,170,000 |
| 2006 Lease Purchase Agreement - Ambulances | 4.23% | 474,000 | 386,888 |
| 2006 Lease Purchase Agreement - Energy Efficiencies | 4.20% | 6,217,227 | 6,166,253 |
| 2006 Lease Purchase Agreement - Oldsmobile Park | 6.86% | 2,000,000 | 2,000,000 |
| 2007 Lease Purchase Agreement - Oldsmobile Park | 5.72% | 1,000,000 | 1,000,000 |
| 2007 Lease Purchase Agreement - Phone System | 4.22% | 518,000 | 464,655 |
| | | \$ 26,234,191 | \$ 14,037,885 |

Loans payable. The government has entered into loan agreements with the certain State agencies for program purposes. Loans payable at year-end are as follows:

| | Interest Rate | Original Amount | | Amount |
|---|------------------|--------------------|-----------|-----------------|
| Loans payable | | | | |
| Governmental activities | | | | |
| 2004 Michigan Department of Transportation Loan | 3.00% | \$ | 1,266,000 | \$ 1,128,999 |
| 2006 State Infrastructure Bank Loan | 3.00% | | 500,000 | 405,823 |
| | | \$ | 1,766,000 | \$ 1,534,822 |
| Business-type activities | 3 03% | \$ | 4 180 000 | \$ 4 180 000 |
| 2003 MEDC Loan | 3.93% | \$ | 4,180,000 | \$ 4,180,00 |

Notes To Financial Statements

Debt service requirements to maturity for all installment debt of the City are as follows:

| Year | | | | | | | |
|-----------|---------------|----------------|---------------|-------------------|-----------------|-------|-------------|
| Ended | Gov | ernmental Acti | vities | Busi | ness-Type Activ | vitie | es |
| June 30 | Principal | Interest | Total | Principal | Interest | | Total |
| | | | | | | | |
| 2009 | \$ 4,873,146 | \$ 1,621,367 | \$ 6,494,513 | \$ 15,669,472 | \$ 5,931,754 | \$ | 21,601,226 |
| 2010 | 3,405,068 | 1,394,602 | 4,799,670 | 17,999,535 | 5,762,742 | | 23,762,277 |
| 2011 | 3,355,221 | 1,240,490 | 4,595,711 | 18,357,859 | 5,352,633 | | 23,710,492 |
| 2012 | 3,318,080 | 1,093,448 | 4,411,528 | 17,805,282 | 4,945,654 | | 22,750,936 |
| 2013 | 3,080,379 | 945,921 | 4,026,300 | 17,673,942 | 4,543,115 | | 22,217,057 |
| 2014-2018 | 12,944,284 | 2,709,457 | 15,653,741 | 68,716,689 | 16,954,851 | | 85,671,540 |
| 2019-2023 | 5,221,529 | 524,814 | 5,746,343 | 48,231,266 | 8,630,028 | | 56,861,294 |
| 2024-2028 | - | - | - | 20,303,716 | 2,971,991 | | 23,275,707 |
| 2029-2033 | - | - | - | 2,301,431 | 316,102 | | 2,617,533 |
| 2034-2038 | | - | | 665,416 | 52,999 | | 718,415 |
| | | | | _ | | | |
| | \$ 36,197,707 | \$ 9,530,099 | \$ 45,727,806 | \$ 227,724,608 | \$ 55,461,869 | \$ | 283,186,477 |

Changes in Long-Term Debt. Long-term liability activity for the year ended June 30, 2008, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------|----------------------|---------------|---------------|-------------------|------------------------|
| Governmental activities | Dalance | Additions | Reductions | Datance | One rear |
| General obligation bonds | \$ 19,845,000 | \$ 3,500,000 | \$ 2,720,000 | \$ 20,625,000 | \$ 2,985,000 |
| Special assessment bonds | 10.000 | - | 10.000 | - | - |
| Installment purchase agreements | 15,399,239 | 518,000 | 1,879,354 | 14,037,885 | 1,643,802 |
| Loans payable | 1,772,049 | - | 237,227 | 1,534,822 | 244,344 |
| Subtotal | 37,026,288 | 4,018,000 | 4,846,581 | 36,197,707 | 4,873,146 |
| Compensated absences | 10,057,740 | 11,854,042 | 10,057,740 | 11,854,042 | 8,215,634 |
| Accrued workers compensation | 4,636,107 | 4,613,573 | 1,206,842 | 8,042,838 | 1,284,167 |
| Accrued general liability claims | 400,000 | - | <u>-</u> | 400,000 | - |
| Add (deduct) deferred amounts: | | | | | |
| For issuance discounts | (39,420) | - | (2,980) | (36,440) | - |
| For issuance premiums | 322,472 | 34,979 | 30,645 | 326,806 | - |
| On refunding | (83,415) | - | (7,053) | (76,362) | - |
| - | \$ 52,319,772 | \$ 20,520,594 | \$ 16,131,775 | \$ 56,708,591 | \$ 14,372,947 |
| | | | | | |
| Business-type activities | | | | | |
| General obligation bonds | \$ 180,177,414 | \$ 13,907,194 | \$ 11,665,000 | \$ 182,419,608 | \$ 12,590,000 |
| Revenue bonds | 43,955,000 | - | 2,830,000 | 41,125,000 | 2,840,000 |
| Loans payable | 4,180,000 | - | - | 4,180,000 | 239,472 |
| Subtotal | 228,312,414 | 13,907,194 | 14,495,000 | 227,724,608 | 15,669,472 |
| Compensated absences | 1,099,117 | 556,764 | 1,099,117 | 556,764 | 396,602 |
| Add (deduct) deferred amounts: | | | | | |
| For issuance discounts | (8,688,084) | - | (1,802,809) | (6,885,275) | - |
| For issuance premiums | 883,600 | - | 43,102 | 840,498 | - |
| On refunding | (2,896,523) | | (317,441) | (2,579,082) | |
| | \$ 218,710,524 | \$ 14,463,958 | \$ 13,516,969 | \$ 219,657,513 | \$ 16,066,074 |

For the governmental activities, compensated absences and other long-term debt are generally liquidated by the general fund.

Notes To Financial Statements

3-H. Segment Information – Enterprise Funds

The government issued revenue bonds to finance certain improvements to its sewage disposal system. Because the Sewage Disposal System, an individual fund that accounts entirely for the government's sewage activities, is a segment and is reported as a major fund in the fund financial statements, separate segment disclosures herein are not required.

3-I. Endowments

For the year ended June 30, 2008, the net appreciation on investments available for restricted endowments was \$1,250. Under the terms of the endowments, and consistent with State statutes, the City is authorized to spend the net appreciation for the benefit of the cemetery and parks. The expendable portion of earnings has been transferred to other funds. The remaining non-expendable portion of the endowment is reported in restricted net assets.

NOTE 4 – OTHER INFORMATION

4-A. Risk Management

The City of Lansing is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries.

The City carries commercial insurance for claims relating to general liability, property, electronic data processing, boiler and machinery, police professional and errors and omissions. The City has not experienced settlements in excess of insurance coverage during the past three years.

The City is uninsured for acts of nature and environmental clean-up costs.

The City is self-insured for workers' compensation costs. The City estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including those claims that have been reported as well as those that have not yet been reported to the City. The current liability is accounted for in the General Fund, with long term liabilities accounted for in the Statement of Net Assets. The City has liability insurance coverage up to a maximum amount of \$16,000,000 per occurrence with a \$350,000 deductible. Changes in the estimated long-term liability as well as the total estimated cost of claims for the past two fiscal years were as follows:

Notes To Financial Statements

| | | Fiscal Year E | nded | l June 30, |
|--|-----------|---------------------------------------|------|-------------------------------------|
| | | 2008 | | 2007 |
| Estimated liability, beginning of year Estimated claims incurred, including changes in estimates Claims payments | \$ | 4,636,107 4,613,573 (1,206,842) | \$ | 4,998,254 922,020 (1,284,167) |
| Estimated liability, end of year | <u>\$</u> | 8,042,838 | \$ | 4,636,107 |

4-B. Property Taxes

Property taxes attach as an enforceable lien on property as of the date they are levied. City, community college, and 50% of school taxes are levied and due July 1 and become delinquent after August 31. County taxes and the balance of school taxes are levied and due December 1 and become delinquent after February 14. In March, taxes on real property still delinquent are purchased by the County's Tax Revolving Funds. Collections of community college, school, and county taxes and remittances are accounted for in the General Fund. City property tax revenues are recognized in the fiscal year for which the taxes are levied to the extent that they result in current receivables (i.e., are collected within 60 days after fiscal year-end).

The City is permitted by charter and state law to levy taxes up to \$19.198 per \$1,000 of assessed valuation for general operations other than the payment of principal and interest on long-term debt. The tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2008 was \$14.95 per \$1,000 of taxable value.

4-C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

Notes To Financial Statements

4-D. Defined Benefit Pension Plans

Employees' Retirement System

The City sponsors and administers the Employees' Retirement System (the "Plan"), a single-employer, defined-benefit pension plan. It is accounted for as a separate pension trust fund. No stand-alone financial reports are issued. It covers general full-time employees of the City of Lansing and employees of the 54-A District Court. It does not include elected officials, who are members of the Employees' Money Purchase Pension Plan, nor does it include police officers and firefighters, who are members of a separate City pension plan. The payroll for employees covered by the plan for the year ended December 31, 2007, was \$31,796,784; the City's total payroll was \$58,688,083. Administration of the plan is funded through the General Fund.

As of December 31, 2007, employee membership data was as follows:

| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | <u>833</u> |
|--|------------|
| Active members: Vested Nonvested | 272 355 |
| | <u>627</u> |

Approximately 22.5% of the active membership may retire with a combination of age plus service equal to 65. All other members may retire at age 50 with 25 or more years of credited service or age 58 with 8 or more years of credited service. Members are vested after completing 8 years of credited service. For all members, annual regular retirement allowances are determined by multiplying total credited service times 1.6% to 2.8% times final average compensation. Final average compensation is the member's highest wages for two consecutive years during the last 10 years. Retirement options that provide for survivor benefits are available to members. The plan also provides death and disability benefits. If a member leaves employment or dies before vesting, accumulated member contributions plus interest are refunded to the member or designated beneficiary. Members who are vested and terminate their employment have the option of deferring retirement benefits until age 58 or withdrawing their contribution, thereby forfeiting any future benefits.

Active members contribute between 1.7% and 7.25% of wages as determined by individual labor agreements. Chapter 292 of the City of Lansing's Code of Ordinances establishes benefit provisions and requires that the annuity and pension reserves (which are determined annually by the City's actuary) not financed by member contributions shall be financed by annual appropriations.

Notes To Financial Statements

The City's funding policy provides for periodic employer contributions at actuarially determined rates that expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended June 30, 2008, was determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over an open period of 30 years.

Contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. The fund is accounted for in essentially the same manner as the Proprietary Funds and uses the full accrual method of accounting.

Plan valuation assets are equal to the reported market value of assets except that only 20% of the difference between the mark-to-market rate of return and the 8% actuarial rate of return is recognized each year. This five year smoothing method reduces the fluctuation in the City's computed contribution rate which might otherwise be caused by market value fluctuations. The entry-age actuarial cost method is used to determine plan liabilities. Significant actuarial assumptions used in determining the entry-age actuarial accrued liability include (a) a rate of return on investments of 8% per year compounded annually (b) projected salary increases of 4% attributable to inflation and 0% to 7% per year depending on age attributable to seniority/merit (c) assumption that benefits generally will increase \$200 annually after age 60.

During the year ended June 30, 2008, total contributions of \$7,367,638 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of December 31, 2006. The City contributed \$6,021,612 (18.94% of projected valuation payroll), excluding contributions for health insurance; employees contributed \$1,346,026 (4.23% of projected valuation payroll). The City's contribution consisted of (a) \$3,566,590 normal cost (10.60% of projected valuation payroll) and (b) \$2,575,410 amortization of the unfunded actuarial accrued liability (7.65% of projected valuation payroll).

At December 31, 2007, the unfunded actuarial accrued liability was determined as follows:

| • | <i>15 7</i> 83 <i>61</i> 7 |
|----|----------------------------|
| | 208,572,370 |
| | 254,356,017 |
| | 17,252,712 |
| | 3,483,723 |
| | 170,679,294 |
| | |
| \$ | 62,940,288 |
| | |
| | \$ |

^{*} Excluding reserve for health insurance

Notes To Financial Statements

The City had initially contributed the annual required contributions ("ARC"), and thus, has never actually had, or had need to report, a net pension obligation ("NPO"), as required under GASB Statement No. 27.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Three-Year Trend Information

(amounts in thousands)

| Years Ended June 30, | Annual Pension <u>Cost (APC)</u> | Percentage Contributed | Net Pension Obligation |
|----------------------|--|---------------------------|---------------------------|
| 2006 | \$ 4,900 | 100% | \$ - |
| 2007 | 5,231 | 100 | _ |
| 2008 | 6,022 | 102 | - |

Police and Fire Retirement System

The City sponsors and administers the Police and Fire Retirement System (the "Plan"), a single-employer defined-benefit pension plan. It is accounted for as a separate pension trust fund. No stand-alone financial reports are issued. It covers all police officers and firefighters who are full-time employees of the City. The City's payroll for employees covered by the plan for the year ended December 31, 2007, was \$29,599,828, the City's total payroll was \$58,688,083. Administration of the plan is funded through the General Fund.

As of December 31, 2007, employee membership data related to the plan was as follows:

| benefits and terminated employees entitled | |
|--|------------|
| to benefits but not yet receiving them | <u>641</u> |
| Active members: | |
| Vested | 261 |
| Nonvested | <u>201</u> |
| | <u>462</u> |

Members may retire at any age with 25 or more years of credited service, or age 55 with 10 or more years of credited service. Members are vested after completing 10 years of credited service. Members are required to retire at age 70. Annual retirement allowances are determined by multiplying final average compensation by 3.2% for the first 25 years of credited service. The maximum allowance is 80% of final average compensation. Final average compensation is the member's highest wages for 2 consecutive years.

Notes To Financial Statements

When an employee who had retired subsequent to August 31, 1966, dies, the plan provides for an automatic pension to the retiree's spouse. This automatic pension is equal to 50% of the regular retirement benefit the employee had been receiving at time of death. Effective July 30, 1990, members may elect a reduced benefit, either 93% or 86% of the regular benefit, thereby increasing the spouse pension to 75% or 86% of the regular benefit, respectively. Alternately, members may elect a non-spousal beneficiary option. The plan provides death and disability benefits. If a member leaves employment or dies before vesting, accumulated member contributions plus interest are refunded to the member or designated beneficiary. Members who are vested and terminate their employment have the option of deferred retirement benefits until age 55 or withdrawing their contribution, thereby forfeiting any future benefits.

Fire members are required to contribute 7.58% of their annual wages to the plan. Police supervisors are required to contribute 9.52% and police non-supervisors, 8.50%. Chapter 294 of the City of Lansing's Ordinance establishes benefit provisions and requires that the portion of the annuity and pension reserves (which are determined annually by the City's actuary) not financed by member contributions shall be financed by annual appropriations.

In addition to the payments under this plan, the City made payments from the General Fund to provide benefits for the beneficiaries of a prior pension plan. This prior plan was superseded by the present plan as of January 1, 1944. There were no payments made to beneficiaries under that plan.

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended June 30, 2008, was determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over an open period of 30 years.

Plan valuation assets are equal to the reported market value of assets except that only 20% of the difference between the mark-to-market rate of return and the 8% actuarial rate of return is recognized each year. This five year smoothing method reduces the fluctuation in the City's computed contribution rate which might otherwise be caused by market value fluctuations. The entry-age actuarial cost method is used to determine plan liabilities. Significant actuarial assumptions used in determining the entry-age actuarial accrued liability include (a) a rate of return on investments of 8% per year compounded annually (b) projected salary increases of 4% attributable to inflation and .51 to 11.5% per year depending on age attributable to seniority/merit (c) assumption that benefits generally will increase \$525 annually after retirement.

During the year ended June 30, 2008, total contributions of \$8,994,523 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of December 31, 2006. The City contributed \$6,576,000 (21.10% of projected valuation payroll), excluding contributions for health insurance; employees contributed \$2,418,523 (8.17% of projected valuation payroll). The City's contribution consisted of (a) \$4,831,506 normal cost (15.50% of projected valuation payroll) and (b) \$1,744,494 amortization of the unfunded actuarial accrued liability (5.60% of projected valuation payroll).

Notes To Financial Statements

At December 31, 2007, the assets in excess of actuarial accrued liability were determined as follows:

| Active participants (261 vested and 201 non-vested) | \$ 108,853,282 |
|--|----------------------|
| Retired participants and beneficiaries currently | |
| receiving benefits (623 recipients) | 204,095,076 |
| Vested terminated participants not yet receiving benefits (18) | 2,687,124 |
| Total actuarial accrued liability | 315,635,482 |
| Actuarial value of assets (smoothed market value) * | 293,570,583 |
| Unfunded Actuarial accrued liability | \$ 22,064,899 |

^{*} Excluding reserve for health insurance

The City had initially contributed the annual required contributions ("ARC"), and thus, has never actually had, or had a need to report, a net pension obligation ("NPO"), as required under GASB Statement No. 27.

Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the actuarial accrual liability.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Three-Year Trend Information

(amounts in thousands)

| Years Ended June 30, | Annual Pension <u>Cost (APC)</u> | Percentage Contributed | Net Pension Obligation |
|----------------------|--|---------------------------|---------------------------|
| 2006 | \$ 4,659 | 100% | \$ - |
| 2007 | 5,386 | 100 | _ |
| 2008 | 6,521 | 101 | - |

Employees' Money Purchase Pension Plan

The City of Lansing sponsors and contributes to the Employees' Money Purchase Pension Plan (the "Plan"), which is a single-employer defined - contribution pension plan. Administration of the plan is funded by the General Fund.

Notes To Financial Statements

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions. As established by Chapter 292.30 of the City of Lansing's Code of Ordinances, this plan includes all elected officials hired subsequent to September 30, 1990. As of June 30, 2008, there were 10 active members in this plan. Contributions made by employees vest immediately, and contributions made by the City vest after three years of full-time employment. When employees terminate employment, they are entitled to their contributions and the City's contributions if vesting requirements are satisfied. Employees may contribute up to 8% of their wages in 1% increments. The City contributes an amount equal to 6.0% of the employees' wages for retirement benefits.

During the year, the City's required and actual contributions amounted to \$21,207, which was approximately 6% of covered payroll of \$336,528. There were no employee contributions.

No pension provision changes occurred during the year that affected the required contributions to be made by the City. In addition, the plan does not issue stand-alone financial statements.

Notes To Financial Statements

Financial statements for individual pension plans

Pension Net Assets

| | Employees' Retirement System Pension | Employees' Retirement System OPEB | Police and Fire Retirement System | Police and Fire Retirement System OPEB | Employees' Money Purchase Pension Plan | Retiree Health Care VEBA | Totals |
|--|--------------------------------------|-----------------------------------|--|---|---|--------------------------------|------------------------------|
| Assets | | | | | | | |
| Cash and cash equivalents Equity in pooled cash Investments: | \$ 4,946,130 (440,864) | \$ 322,434 | \$ 4,656,999 (564,870) | \$ 272,980 | \$ - - | \$ - | \$ 10,198,543 (1,005,734) |
| | 25.000.007 | 0.244.246 | 46.716.600 | 2.720.200 | | | 07.750.011 |
| U. S. Government obligations | 35,960,667 | 2,344,246 | 46,716,600 | 2,738,398 | - | - | 87,759,911 |
| Corporate bonds | 37,587,994 | 2,450,330 | 44,370,716 | 2,600,888 | - | - | 87,009,928 |
| Common stocks | 43,860,801 | 2,859,249 | 60,848,777 | 3,566,787 | 1 054 505 | 7 (11 221 | 111,135,614 |
| Mutual funds | 62,619,864 | 4,082,136 | 101,863,069 | 5,970,931 | 1,954,587 | 7,611,231 | 184,101,818 |
| Contribution receivable | 2,401 | 10.200 | 3,635,730 | 21 205 | 786 | - | 3,638,917 |
| Dividends and interest receivable | 297,455 | 19,390 | 363,111 | 21,285 | (5,100) | 42,346 | 738,487 |
| Total assets | 184,834,448 | 12,077,785 | 261,890,132 | 15,171,269 | 1,950,273 | 7,653,577 | 483,577,484 |
| Liabilities | | | | | | | |
| Accounts payable | 2,806,135 | | 261,974 | | | | 3,068,109 |
| Net assets held in trust for: | | | | | | | |
| Pension benefits | 182,028,313 | - | 261,628,158 | - | 1,950,273 | - | 445,606,744 |
| Other postemployment benefits | | 12,077,785 | | 15,171,269 | | 7,653,577 | 34,902,631 |
| Total net assets | \$ 182,028,313 | \$ 12,077,785 | \$ 261,628,158 | \$ 15,171,269 | \$ 1,950,273 | \$ 7,653,577 | \$ 480,509,375 |
| | | Changes i | n Pension Net Ass | sets | | | |
| Additions | | | | | | | |
| Investment income: | | | | | | | |
| Net appreciation in fair value | | | | | | | |
| of investments | \$ (16,459,666) | \$ - | \$ (24,315,418) | \$ - | \$ - | \$ (457,014) | \$ (41,232,098) |
| Interest income | 1,186,338 | 1,499,888 | 1,591,509 | 1,373,016 | (202,155) | 18,317 | 5,466,913 |
| Dividend income | 174,407 | - | 285,728 | - | - | 284,102 | 744,237 |
| Less investment expenses | (862,433) | | (1,054,918) | | (16,005) | | (1,933,356) |
| Net investment income | (15,961,354) | 1,499,888 | (23,493,099) | 1,373,016 | (218,160) | (154,595) | (36,954,304) |
| Contributions: | | | | | | | |
| Employer | 6,021,612 | 8,703,114 | 6,576,000 | 8,629,563 | 21,207 | 1,575,930 | 31,527,426 |
| Plan members | 1,346,026 | | 2,418,523 | | | | 3,764,549 |
| Total contributions | 7,367,638 | 8,703,114 | 8,994,523 | 8,629,563 | 21,207 | 1,575,930 | 35,291,975 |
| Total additions | (8,593,716) | 10,203,002 | (14,498,576) | 10,002,579 | (196,953) | 1,421,335 | (1,662,329) |
| Deductions | | | | | | | |
| Participant benefits | 17,278,691 | 8,343,396 | 18,817,698 | 7,895,211 | 271,483 | - | 52,606,479 |
| Administrative expense | 32,039 | - | 29,056 | - | - | - | 61,095 |
| Total deductions | 17,310,730 | 8,343,396 | 18,846,754 | 7,895,211 | 271,483 | | 52,667,574 |
| Net additions (deductions) to | | | | | | | |
| net assets held in trust | (25,904,446) | 1,859,606 | (33,345,330) | 2,107,368 | (468,436) | 1,421,335 | (54,329,903) |
| Net assets held in trust for pension benefits: | | | | | | | |
| Beginning of year | 207,932,759 | 10,218,179 | 294,973,488 | 13,063,901 | 2,418,709 | 6,232,242 | 534,839,278 |
| End of year | \$ 182,028,313 | \$ 12,077,785 | \$ 261,628,158 | \$ 15,171,269 | \$ 1,950,273 | \$ 7,653,577 | \$ 480,509,375 |

Notes To Financial Statements

4-E. Postemployment Benefits

The City of Lansing contributes to the Employees' Retirement System, the Police and Fire Retirement System, and the Voluntary Beneficiary Association (VEBA), amounts to pre-fund post employment healthcare. In the Employees' Retirement System and the Police and Fire Retirement System, these other postemployment benefits (OPEB) are set up as reserves in the pension plans, and their investments are commingled with the investments of the pension. Portfolio makeup is reported as a percentage of total pension plan assets. Earnings are calculated based on a seven year smoothed rate of return of the retirement systems. Eligible participants include any retirees who receive pension benefits under the respective pension plans. OPEB plan provisions are established and may be amended by the City Council, subject to the City's various collective bargaining agreements.

Voluntary Employees Beneficiary Association (VEBA). The City of Lansing Voluntary Employees Beneficiary Association (the "Plan") is a single-employer defined benefit post employment healthcare plan established by the City to provide medical and healthcare benefits for retirees and their beneficiaries. Eligible participants include any retirees who receive pension benefits under one of the City's pension plans. The Plan is funded by a trust agreement established pursuant to Section 501(c)(9) of the Internal Revenue Code that allows for the formation of a VEBA. During the year, the City contributed \$1,575,930 to the plan.

Employees' Retirement System. The City provides postretirement health care benefits, in accordance with labor agreements, to full-time employees of the City and employees of the 54-A District Court (not including police officers and firefighters who are members of the Police and Fire Retirement System). Depending on date hired, members are eligible to receive health care benefits with a minimum of 8 to 15 years of service and an age requirement ranging from none to age 58. The City provides the full cost of health benefits to retirees, payable to health care vendors, and also reimburses retirees eligible for Medicare benefits of \$96.40 per month for each covered retiree and dependent(s). The payments are charged to the Fringe Benefit Internal Service Fund of the City and are recognized as expenses as payments are made. During the year, payments for health care benefits were approximately \$8,343,396 and the City contributed \$8,703,144 (direct benefit payments of \$8,343,396 and City contributions of \$359,718) to the Employees' Retirement System.

There were no significant changes in health benefits over the previous year.

Police and Fire Retirement System. The City also provides postretirement health care benefits, in accordance with labor agreements, to full-time police officers and firefighters with a minimum of 15 years of service and an age requirement of 55 years. If service is 25 years or more, there is no age requirement. The City provides the full cost of health benefits to retirees, payable to health care vendors, and also reimburses retirees eligible for Medicare benefits of \$88.50 per month for each covered retiree and dependent(s). The payments are charged to the Fringe Benefit Internal Service Fund of the City and are recognized as expenses as payments are made. During the year, payments for health care benefits were approximately \$7,895,211 and the City contributed \$8,629,563 (direct benefit payments of \$7,895,211 and City contributions of \$734,352) to the Police and Fire Retirement System to fund retiree healthcare.

Notes To Financial Statements

There were no significant changes in health benefits over the previous year.

Plan valuation assets for the OPEB plans are equal to the reported market value of assets except that only 20% of the difference between the mark-to-market rate of return and the 8% actuarial rate of return is recognized each year. The entry-age actuarial cost method, with a 30 year amortization of unfunded accrued liabilities was used to determine the liabilities. The entry-age method is a stable method that is consistent with a level percentage of payroll financing. The actuarial accrued liability assumes a healthcare cost trend rate of 10% to 4%.

At December 31, 2006 (the date of the most recent actuarial valuation), the assets in excess of actuarial accrued liability were determined as follows:

| | Employees' Retirement System | Police & Fire Retirement |
|---|------------------------------|--------------------------------|
| | & VEBA * | System |
| Actuarial accrued liability for: | | |
| Active participants | \$ 35,789,417 | \$ 50,381,502 |
| Retired participants and beneficiaries currently | | |
| receiving benefits | 104,900,203 | 103,411,503 |
| Vested terminated participants not yet receiving benefits | 6,698,762 | 1,765,837 |
| Total actuarial accrued liability | 147,388,382 | 155,558,842 |
| Actuarial value of assets (smoothed market value) | 14,336,700 | 13,063,900 |
| Unfunded actuarial accrued liability | <u>\$133,051,682</u> | <u>\$142,494,942</u> |
| Funded ratio | 9.7% | 8.4% |
| Covered payroll | \$ 31,943,723 | \$ 29,582,427 |
| UAAL as a % of covered payroll | 416.5% | 481.7% |

^{* -} The Employees' Retirement System and VEBA were combined on the actuarial valuation.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Notes To Financial Statements

The following tables show the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation to the Plan:

Employees' Retirement System and VEBA

| Annual required contribution Interest on net OPEB obligation Adjustment to annual required contribution | \$ | 9,026,892 - - |
|---|----|---------------------------|
| Annual OPEB cost (expense) | \$ | 9,026,892 |
| Contributions made | | (10,279,044) |
| Increase in net OPEB obligation | · | (1,252,152) |
| Net OPEB obilgation, beginning of year | | - |
| Net OPEB obligation, end of year | \$ | (1,252,152) |
| Police and Fire Retirement System | _ | |
| Annual required contribution | \$ | 12,005,858 |
| | | |
| Interest on net OPEB obligation | | - |
| Interest on net OPEB obligation Adjustment to annual required contribution | | - - |
| e | \$ | 12,005,858 |
| Adjustment to annual required contribution | \$ | 12,005,858 (8,629,563) |
| Adjustment to annual required contribution Annual OPEB cost (expense) | \$ | |
| Adjustment to annual required contribution Annual OPEB cost (expense) Contributions made | \$ | (8,629,563) |

The City's annual OPEB costs, the percentage of annual OPEB costs contributed to the Plans, and the net OPEB obligation (asset) as of June 30, 2008, were as follows:

Employees' Retirement System and VEBA

| Fiscal | | Percentage of | Net |
|---------|--------------|--------------------|--------------|
| Year | Annual | Annual OPEB | OPEB |
| Ended | OPEB Cost | Cost Contributed | Asset |
| 6/30/08 | \$ 9,026,892 | 113.9% | \$ 1,252,152 |

Police and Fire Retirement System

| Fiscal | | Percentage of | Net |
|---------|---------------|--------------------|--------------|
| Year | Annual | Annual OPEB | OPEB |
| Ended | OPEB Cost | Cost Contributed | Obligation |
| 6/30/08 | \$ 12,005,858 | 71.9% | \$ 3,376,295 |

* * * * * *

REQUIRED SUPPLEMENTARY INFORMATION

City of Lansing Employees' Retirement System Required Supplementary Information (amounts in thousands)

Schedule of Funding Progress

| Actuarial Valuation Date | _ | Actuarial Value of Assets (A) | Actuarial Accrued Liability (B) | derfunded L (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a % of Covered Payroll ((B-A)/C) |
|--------------------------------|----|--|--|------------------------------------|--------------------------|---------------------------|---|
| 12/31/1998 | \$ | 143,268 | \$ 170,775 | \$ 27,507 | 83.9% | \$ 17,820 | 154.4% |
| 12/31/1999 | | 161,958 | 187,150 | 25,192 | 86.5% | 19,312 | 130.4% |
| 12/31/2000 | | 177,855 | 198,396 | 20,541 | 89.6% | 19,521 | 105.2% |
| 12/31/2001 | | 191,311 | 213,648 | 22,337 | 89.5% | 20,282 | 110.1% |
| 12/31/2002 | | 192,920 | 215,405 | 22,485 | 89.6% | 19,098 | 117.7% |
| 12/31/2003 | | 199,329 | 221,088 | 21,759 | 90.2% | 30,579 | 71.2% |
| 12/31/2004 | | 206,200 | 231,389 | 25,189 | 89.1% | 32,383 | 77.8% |
| 12/31/2005 | | 207,881 | 245,242 | 37,361 | 84.8% | 30,851 | 121.1% |
| 12/31/2006 | | 208,765 | 251,427 | 42,662 | 83.0% | 31,944 | 133.6% |
| 12/31/2007 | | 208,572 | 254,356 | 45,784 | 82.0% | 31,797 | 144.0% |

Schedule of Employer Contributions

| Year Ended | Annual Required | Percentage Contributed | | |
|------------|----------------------|---------------------------|--|--|
| June 30 | Contributions | | | |
| | | | | |
| 1998 | \$ 4,086 | 99.2% | | |
| 1999 | 3,334 | 100.0% | | |
| 2000 | 3,138 | 100.0% | | |
| 2001 | 3,215 | 100.0% | | |
| 2002 | 3,105 | 100.0% | | |
| 2003 | 3,567 | 98.1% | | |
| 2004 | 3,466 | 100.0% | | |
| 2005 | 4,675 | 100.0% | | |
| 2006 | 4,900 | 100.0% | | |
| 2007 | 5,231 | 100.0% | | |
| 2008 | 6,022 | 102.0% | | |

City of Lansing Police and Fire Retirement System Required Supplementary Information (amounts in thousands)

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (A) | | Accrued (Ove Liability AAI | | nderfunded verfunded) AL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | | UAAL as a % of Covered Payroll ((B-A)/C) |
|--------------------------------|--|----|-------------------------------|----|--|--------------------------|---------------------------|--------|---|
| 12/31/1998 | \$ 217.011 | \$ | 218.533 | \$ | 1,522 | 99.3% | \$ | 22,792 | 6.7% |
| 12/31/1999 | 245,197 | · | 233,332 | · | (11,865) | 105.1% | · | 24,352 | -48.7% |
| 12/31/2000 | 267,020 | | 239,615 | | (27,405) | 111.4% | | 24,830 | -110.4% |
| 12/31/2001 | 280,518 | | 249,204 | | (31,314) | 112.6% | | 25,751 | -121.6% |
| 12/31/2002 | 280,686 | | 259,282 | | (21,404) | 108.3% | | 26,152 | -81.8% |
| 12/31/2003 | 277,947 | | 267,786 | | (10,161) | 103.8% | | 26,484 | -38.4% |
| 12/31/2004 | 275,807 | | 279,873 | | 4,066 | 98.5% | | 27,754 | 14.7% |
| 12/31/2005 | 273,421 | | 290,299 | | 16,878 | 94.2% | | 27,855 | 60.6% |
| 12/31/2006 | 278,839 | | 308,193 | | 29,354 | 90.5% | | 29,582 | 99.2% |
| 12/31/2007 | 293,571 | | 315,635 | | 22,064 | 93.0% | | 29,600 | 74.5% |

Schedule of Employer Contributions

| Year Ended | Annual Required | Percentage Contributed | | |
|------------|------------------------|------------------------|--|--|
| June 30 | Contributions | | | |
| 4000 | | | | |
| 1998 | \$ 4,252 | 99.0% | | |
| 1999 | 4,380 | 99.4% | | |
| 2000 | 4,063 | 100.0% | | |
| 2001 | 3,561 | 100.0% | | |
| 2002 | 2,665 | 100.0% | | |
| 2003 | 2,637 | 100.0% | | |
| 2004 | 3,287 | 99.6% | | |
| 2005 | 3,334 | 100.3% | | |
| 2006 | 4,659 | 100.0% | | |
| 2007 | 5,386 | 100.0% | | |
| 2008 | 6,521 | 100.8% | | |

COMBINING and INDIVIDUAL FUND STATEMENTS and SCHEDULES

City of Lansing Combining Balance Sheet - Nonmajor Governmental Funds June 30, 2008

| | Special Revenue | Debt Service | Capital Projects | Permanent | Totals |
|--|---|--|---|---------------------------|--|
| Assets | | | | | |
| Cash and cash equivalents Equity in pooled cash Investments Accounts receivable, net Special assessments receivable Loans receivable Accrued interest receivable Due from other funds Interfund receivable Advances to other funds | \$ 105,787 9,792,007 1,619,560 - 1,404,118 1,732,367 968,222 3,677,051 | \$ - 255,953 - 317 - 191 - | \$ 8,483,102 11,018,058 - 118,589 929,800 - 23,246 - - 192,439 | \$ 1,250 1,631,189 | \$ 8,588,889 21,067,268 1,631,189 1,738,149 930,117 1,404,118 1,776,203 968,413 3,677,051 192,439 |
| Due from other governments Total assets | 5,806,533 \$ 25,105,645 | \$ 256,461 | 1,070 \$ 20,766,304 | \$ 1,653,029 | 5,807,603 \$ 47,781,439 |
| Liabilities and fund balances Liabilities Accounts payable Deposits payable Accrued payroll Indemnity bonds Due to other funds Interfund payable Advances from other funds Due to other governments | \$ 1,598,746 233,555 127,734 2,060 - 3,537,741 | \$ | \$ 662,925 | \$ - - - 43,037 | \$ 2,261,671 233,555 129,106 2,060 968,222 3,580,778 307,848 349,658 |
| Deferred revenue | 4,366,484 | 317 | 771,057 | | 5,137,858 |
| Total liabilities | 10,215,978 | 317 | 2,711,424 | 43,037 | 12,970,756 |
| Fund balances Reserved for advances Reserved for encumbrances Unreserved: | 172,912 | - | 192,439 - | - - | 192,439 172,912 |
| Designated for subsequent years' expenditures Undesignated | 6,877,136 7,839,619 | 256,144 | 17,862,441 | 1,609,992 | 6,877,136 27,568,196 |
| Total fund balances | 14,889,667 | 256,144 | 18,054,880 | 1,609,992 | 34,810,683 |
| Total liabilities and fund balances | \$ 25,105,645 | \$ 256,461 | \$ 20,766,304 | \$ 1,653,029 | \$ 47,781,439 |

City of Lansing
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2008

| | Special Revenue | Debt Service | Capital Projects | Permanent | Totals |
|--------------------------------------|--------------------|-----------------|---------------------|--------------|---------------|
| Revenues | | | | | |
| Taxes and special assessments | \$ 416,760 | \$ 2,149,238 | \$ 167,961 | \$ - | \$ 2,733,959 |
| Intergovernmental | 21,131,816 | - | - | - | 21,131,816 |
| Charges for services | 8,336,490 | - | 465,762 | - | 8,802,252 |
| Fines and forfeits | 687,463 | - | - | - | 687,463 |
| Interest | 373,275 | 100,022 | 352,153 | 70,155 | 895,605 |
| Contributions | 10,000 | - | - | - | 10,000 |
| Donations from private sources | - | - | 326,768 | - | 326,768 |
| Other revenues | 224,782 | | | | 224,782 |
| Total revenues | 31,180,586 | 2,249,260 | 1,312,644 | 70,155 | 34,812,645 |
| Expenditures | | | | | |
| Current expenditures: | | | | | |
| General government | 2,415,199 | - | - | - | 2,415,199 |
| Public safety | 6,137,948 | - | - | - | 6,137,948 |
| Highways and streets | 9,278,478 | - | - | - | 9,278,478 |
| Recreation and culture | 57,744 | - | - | - | 57,744 |
| Other functions | 9,420,525 | - | - | - | 9,420,525 |
| Debt service: | | | | | |
| Principal | 1,858,050 | 1,850,000 | - | - | 3,708,050 |
| Interest | 669,026 | 470,987 | - | - | 1,140,013 |
| Capital outlay | 9,432,412 | <u> </u> | 6,795,715 | | 16,228,127 |
| Total expenditures | 39,269,382 | 2,320,987 | 6,795,715 | | 48,386,084 |
| Revenues over (under) | | | | | |
| expenditures | (8,088,796) | (71,727) | (5,483,071) | 70,155 | (13,573,439) |
| Other financing sources (uses) | | | | | |
| Transfers in | 7,567,130 | 183,353 | 5,255,071 | 12,990 | 13,018,544 |
| Transfers out | (1,463,713) | - | (4,940,898) | (70,092) | (6,474,703) |
| Issuance of long-term debt | - | - | 4,018,000 | - | 4,018,000 |
| Bond premium | | | 34,979 | | 34,979 |
| Total other financing sources (uses) | 6,103,417 | 183,353 | 4,367,152 | (57,102) | 10,596,820 |
| Net change in fund balances | (1,985,379) | 111,626 | (1,115,919) | 13,053 | (2,976,619) |
| Fund balances, beginning of year | 16,875,046 | 144,518 | 19,170,799 | 1,596,939 | 37,787,302 |
| Fund balances, end of year | \$ 14,889,667 | \$ 256,144 | \$ 18,054,880 | \$ 1,609,992 | \$ 34,810,683 |

Nonmajor Special Revenue Funds

Major Streets Fund – This fund accounts for revenues received from the State of Michigan for the City's share of state gasoline and weight taxes, which is used for maintenance of major streets.

Local Streets Fund – This fund accounts for revenues received from the State of Michigan for the City's share of state gasoline and weight taxes, which is used for maintenance of local streets.

Budget Stabilization Fund – This fund is used to account for funds set aside under the provisions of Public Act 30 of 1978. Funds set aside are to be determined by the City Council on an annual basis in any year where actual General Fund revenues exceed actual expenditures.

Drug Law Enforcement Fund – This fund accounts for revenues set aside for drug law enforcement under the provisions of State of Michigan Public Act 135 of 1985, as amended.

State and Federal Programs Fund – This fund accounts for all revenues received from miscellaneous grants and local contributions. These revenues are used for projects as detailed in individual grant applications.

Community Development Block Grant Program Fund – This fund accounts for revenues received from the Department of Housing and Urban Development. These revenues are restricted to accomplishing the various objectives of Community Development Block Grant Programs, within specific target areas.

Stadium Fund – This fund accounts for the City's share of revenues received from events held at Oldsmobile Park, the City's baseball stadium. The revenues are used for stadium expenditures.

Principal Shopping District Fund – This fund accounts for assessments received from businesses located in the district. The revenues are used for special events and maintenance of the district.

911 Communications Center Fund – This fund accounts for the operations of the county-wide 911 communications center. Revenues received are from the County for actual expenditures incurred.

Building Department Fund – This fund accounts for revenues and expenditures resulting from the enforcement of the State Construction Code Act of 1999 (PA 245 of 1999).

Parks Department Fund – This fund accounts for contributions and transfers which are restricted for park expenditures.

City of Lansing Combining Balance Sheet - Nonmajor Special Revenue Funds June 30, 2008

| | Major Streets | Local Streets | Budget Stabilization | Drug Law Enforcement | State and Federal Programs |
|--------------------------------------|------------------|------------------|-------------------------|-------------------------|----------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 105,787 | \$ - |
| Equity in pooled cash | 5,526,460 | 361,790 | 2,051,008 | 1,226,889 | - |
| Accounts receivable | - | - | - | - | 5,131 |
| Loans receivable | = | = | - | - | = |
| Accrued interest receivable | - | - | - | - | - |
| Due from other funds | 815,428 | 152,794 | - | - | - |
| Interfund receivable | 1 000 261 | 271 224 | 3,677,051 | - | 2 (00 110 |
| Due from other governments | 1,090,361 | 371,324 | | | 3,698,118 |
| Total assets | \$ 7,432,249 | \$ 885,908 | \$ 5,728,059 | \$ 1,332,676 | \$ 3,703,249 |
| <u>Liabilities and fund balances</u> | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 431,572 | \$ 202,118 | \$ - | \$ 55,794 | \$ 750,478 |
| Deposits payable | - | - | - | 226,505 | - |
| Accrued payroll | 9,187 | 3,835 | - | 3,714 | 11,340 |
| Indemnity bonds | 1,080 | 980 | - | - | - |
| Interfund payable | = | = | - | - | 1,506,268 |
| Due to other governments | - | - | - | 349,658 | - |
| Deferred revenue | | | | | 1,429,999 |
| Total liabilities | 441,839 | 206,933 | | 635,671 | 3,698,085 |
| Fund balances | | | | | |
| Reserved for encumbrances | 164,943 | 5,352 | - | 1,981 | - |
| Unreserved: | , | , | | , | |
| Designated for subsequent | | | | | |
| years' expenditures | 6,509,419 | 42,221 | - | 160,520 | - |
| Undesignated | 316,048 | 631,402 | 5,728,059 | 534,504 | 5,164 |
| Total fund balances | 6,990,410 | 678,975 | 5,728,059 | 697,005 | 5,164 |
| Total liabilities and fund balances | \$ 7,432,249 | \$ 885,908 | \$ 5,728,059 | \$ 1,332,676 | \$ 3,703,249 |

| De ^s Blo | ommunity velopment ock Grant Program | | Stadium | Sl | rincipal hopping District | Con | 911 nmunications Center | | uilding partment | _De | Parks epartment | Totals |
|------------------------|--|----|---------------------------------------|----|--------------------------------------|-----|---|----|--------------------------------------|-----|---------------------------------------|---|
| \$ | 1,404,118 1,732,367 - 646,730 | \$ | - 143,864 - - - - - | \$ | - 17,746 - - - - - | \$ | - 1,458,678 - - - - - | \$ | 50,537 11,887 - - - - | \$ | 557,577 - - - - - - | \$ 105,787 9,792,007 1,619,560 1,404,118 1,732,367 968,222 3,677,051 5,806,533 |
| \$ | 3,783,215 | \$ | 143,864 | \$ | 17,746 | \$ | 1,458,678 | \$ | 62,424 | \$ | 557,577 | \$ 25,105,645 |
| \$ | 142,271 - 20,947 - 683,512 - 2,936,485 | \$ | - - - - 85,838 | \$ | 5,696 - 4,924 - - | \$ | 9,929 - 43,228 - 1,262,123 | \$ | 888 7,050 30,559 - - | \$ | - - - - - | \$ 1,598,746 233,555 127,734 2,060 3,537,741 349,658 4,366,484 |
| | 3,783,215 | | 85,838 | | 10,620 | | 1,315,280 | | 38,497 | | | 10,215,978 |
| | - | | - | | - | | 636 | | | | - | 172,912 |
| | - | | 22,214 35,812 | | 7,126 | | 142,762 | | 23,927 | | - 557,577 | 6,877,136 7,839,619 |
| | | | 58,026 | | 7,126 | | 143,398 | | 23,927 | | 557,577 | 14,889,667 |
| Φ. | 2 792 215 | Φ. | | ф. | | Φ. | | Ф. | | Φ. | | |
| \$ | 3,783,215 | \$ | 143,864 | \$ | 17,746 | \$ | 1,458,678 | \$ | 62,424 | \$ | 557,577 | \$ 25,105,645 |

City of Lansing
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2008

| | Major Streets | Local Streets | Budget Stabilization | Drug Law Enforcement | State and Federal Programs |
|--|------------------|------------------|-------------------------|-------------------------|----------------------------------|
| Revenues | | | | | |
| Taxes and special assessments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 6,617,038 | 2,746,497 | - | 447,855 | 9,165,545 |
| Charges for services | 508,447 | 707,439 | - | - | 1,425 |
| Fines and forfeits | _ | _ | - | 687,463 | <u>-</u> |
| Interest | 282,059 | 20,299 | - | 40,620 | 4,565 |
| Contributions | - | - | - | - | - |
| Other | 60,642 | | | | |
| Total revenues | 7,468,186 | 3,474,235 | | 1,175,938 | 9,171,535 |
| Expenditures | | | | | |
| Current expenditures: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | 999,738 | - |
| Highways and streets | 5,169,496 | 4,108,982 | - | - | - |
| Recreation and culture Other functions | - | - | - | _ | 0 420 525 |
| Debt service: | - | - | - | - | 9,420,525 |
| Principal | 309,850 | 528,200 | _ | _ | _ |
| Interest | 103,557 | 207,085 | _ | _ | _ |
| Capital outlay | 3,952,656 | 3,162,948 | | | |
| Total expenditures | 9,535,559 | 8,007,215 | | 999,738 | 9,420,525 |
| Revenues over (under) | | | | | |
| expenditures | (2,067,373) | (4,532,980) | | 176,200 | (248,990) |
| Other financing sources (uses) | | | | | |
| Transfers in | 2,113,471 | 3,890,258 | - | - | 191,277 |
| Transfers out | (1,443,713) | | | (20,000) | |
| Total other financing | | | | | |
| sources (uses) | 669,758 | 3,890,258 | | (20,000) | 191,277 |
| Net change in fund balances | (1,397,615) | (642,722) | - | 156,200 | (57,713) |
| Fund balances, beginning of year | 8,388,025 | 1,321,697 | 5,728,059 | 540,805 | 62,877 |
| Fund balances, end of year | \$ 6,990,410 | \$ 678,975 | \$ 5,728,059 | \$ 697,005 | \$ 5,164 |

| Community Development Block Grant Program | Stadium | Principal Shopping District | 911 Communications Center | Building Department | Parks Department | Totals |
|--|-----------------------|-----------------------------------|---------------------------------|------------------------|---------------------|---|
| \$ - 2,154,881 | \$ - 547,823 | \$ 416,760 - 4,075 | \$ - - 5,121,906 | \$ - 1,445,375 | \$ - - | \$ 416,760 21,131,816 8,336,490 |
| 622 | 3,855 | 408 10,000 2,835 | - - - | - - | 20,847 | 687,463 373,275 10,000 224,782 |
| 2,316,808 | 551,678 | 434,078 | 5,121,906 | 1,445,375 | 20,847 | 31,180,586 |
| - - - | - - - 57.744 | 490,652 | 5,138,210 | 1,924,547 - - | - - - | 2,415,199 6,137,948 9,278,478 |
| - | 57,744 | - | - - | - | - | 57,744 9,420,525 |
| 2,316,808 | 1,020,000 358,384 | - - - | - - - | - - - | - - - | 1,858,050 669,026 9,432,412 |
| 2,316,808 | 1,436,128 | 490,652 | 5,138,210 | 1,924,547 | | 39,269,382 |
| | (884,450) | (56,574) | (16,304) | (479,172) | 20,847 | (8,088,796) |
| | 830,000 | 42,075 | - | 500,000 | 49 | 7,567,130 (1,463,713) |
| <u>-</u> _ | 830,000 | 42,075 | | 500,000 | 49 | 6,103,417 |
| - | (54,450) | (14,499) | (16,304) | 20,828 | 20,896 | (1,985,379) |
| | 112,476 | 21,625 | 159,702 | 3,099 | 536,681 | 16,875,046 |
| \$ - | \$ 58,026 | \$ 7,126 | \$ 143,398 | \$ 23,927 | \$ 557,577 | \$ 14,889,667 |

City of Lansing

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds For the Year Ended June 30, 2008

| | Major Streets | | | | |
|--------------------------------------|---------------|--------------|----------------|--|--|
| | Dudget | Actual | Variance with | | |
| Revenues | Budget | Actual | Budget | | |
| Taxes and special assessments | \$ - | \$ - | \$ - | | |
| Intergovernmental | 7,461,385 | 6,617,038 | 844,347 | | |
| Charges for services | 725,000 | 508,447 | 216,553 | | |
| Fines and forfeits | - | - | - | | |
| Interest | 263,000 | 282,059 | (19,059) | | |
| Contributions | - | - | - (60,642) | | |
| Other | | 60,642 | (60,642) | | |
| Total revenues | 8,449,385 | 7,468,186 | 981,199 | | |
| Expenditures | | | | | |
| Current expenditures: | | | | | |
| General government | - | - | - | | |
| Public safety | - | - | - | | |
| Highways and streets | 6,318,190 | 5,169,496 | 1,148,694 | | |
| Recreation and culture | - | - | - | | |
| Other functions | - | - | - | | |
| Debt service: | 211 151 | 200.050 | 4 - 604 | | |
| Principal | 311,451 | 309,850 | 1,601 | | |
| Interest | 104,190 | 103,557 | 633 | | |
| Capital outlay | 13,314,688 | 3,952,656 | 9,362,032 | | |
| Total expenditures | 20,048,519 | 9,535,559 | 10,512,960 | | |
| Revenues over (under) | | | | | |
| expenditures | (11,599,134) | (2,067,373) | (9,531,761) | | |
| Other financing sources (uses) | | | | | |
| Transfers in | 4,602,514 | 2,113,471 | 2,489,043 | | |
| Transfers out | (1,443,713) | (1,443,713) | | | |
| Total other financing | | | | | |
| sources (uses) | 3,158,801 | 669,758 | 2,489,043 | | |
| sources (uses) | 2,130,001 | 005,750 | 2,100,010 | | |
| Net change in fund balances | (8,440,334) | (1,397,615) | (7,042,719) | | |
| Fund balances, beginning of year | 8,388,025 | 8,388,025 | | | |
| Fund balances (deficit), end of year | \$ (52,309) | \$ 6,990,410 | \$ (7,042,719) | | |

| | Local Streets | Budget Stabilization | | | | | | |
|---------------------------------|---------------------------------|-----------------------------|----|-------------|----|-------------|-------|-------------------|
| Budget | Actual | Variance with Budget | | Budget | Ŭ | Actual | Varia | nce with udget |
| \$ 1,857,056 775,000 | \$ - 2,746,497 707,439 | \$ - (889,441) 67,561 | \$ | - - - | \$ | - - - | \$ | - - - |
| 126,000 | 20,299 | 105,701 | | - - - | | - - - | | - - - |
| 2,758,056 | 3,474,235 | (716,179) | | | | | | - |
| - | <u>-</u> | <u>-</u> | | - | | - | | - |
| 3,738,495 | 4,108,982 | (370,487) | | - - - | | - - - | | - - - |
| 527,600 209,089 5,271,793 | 528,200 207,085 3,162,948 | (600) 2,004 2,108,845 | | - - - | | - - - | | - - - |
| 9,746,977 | 8,007,215 | 1,739,762 | | | | | | - |
| (6,988,921) | (4,532,980) | (2,455,941) | | | | | | |
| 6,417,682 | 3,890,258 | 2,527,424 | | - - | | - - | | - - |
| 6,417,682 | 3,890,258 | 2,527,424 | | <u> </u> | | <u> </u> | | |
| (571,239) | (642,722) | 71,483 | | - | | - | | - |
| 1,321,697 | 1,321,697 | | | 5,728,059 | | 5,728,059 | | _ |
| \$ 750,458 | \$ 678,975 | \$ 71,483 | \$ | 5,728,059 | \$ | 5,728,059 | \$ | - |

City of Lansing

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds (Continued) For the Year Ended June 30, 2008

| | Drug Law Enforcement | | | | | |
|----------------------------------|----------------------|------------|---------------|--|--|--|
| | | | Variance with | | | |
| Revenues | Budget | Actual | Budget | | | |
| Taxes and special assessments | \$ - | \$ - | \$ - | | | |
| Intergovernmental | 411,000 | 447,855 | (36,855) | | | |
| Charges for services | - | - | - | | | |
| Fines and forfeits | 515,000 | 687,463 | (172,463) | | | |
| Interest | 37,500 | 40,620 | (3,120) | | | |
| Contributions | 3,500 | - | 3,500 | | | |
| Other | | | | | | |
| Total revenues | 967,000 | 1,175,938 | (208,938) | | | |
| Expenditures | | | | | | |
| Current expenditures: | | | | | | |
| General government | - | - | = | | | |
| Public safety | 1,136,389 | 999,738 | 136,651 | | | |
| Highways and streets | - | - | - | | | |
| Recreation and culture | - | - | - | | | |
| Other functions | - | - | - | | | |
| Debt service: | | | | | | |
| Principal | - | - | - | | | |
| Interest Capital outlay | - | - | - | | | |
| Capital outlay | | | | | | |
| Total expenditures | 1,136,389 | 999,738 | 136,651 | | | |
| Revenues over (under) | | | | | | |
| expenditures | (169,389) | 176,200 | (345,589) | | | |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | - | | | |
| Transfers out | (20,000) | (20,000) | | | | |
| Total other financing | | | | | | |
| sources (uses) | (20,000) | (20,000) | | | | |
| Net change in fund balances | (189,389) | 156,200 | (345,589) | | | |
| Fund balances, beginning of year | 540,805 | 540,805 | | | | |
| Fund balances, end of year | \$ 351,416 | \$ 697,005 | \$ (345,589) | | | |

Community Development Block Grant Program

| Stat | e and Federal Prog | rams | Block Grant Program | | | | | | |
|----------------------------|----------------------------|-----------------------------|---------------------|-------------------|-------------------------|--|--|--|--|
| Budget | Actual | Variance with Budget | Budget | Actual | Variance with Budget | | | | |
| \$ 17,010,173 13,545 | \$ - 9,165,545 1,425 | \$ - 7,844,628 12,120 | \$ - 3,230,445 | \$ - 2,154,881 | \$ - 1,075,564 | | | | |
| - | 4,565 | (4,565) | - | 622 | (622) | | | | |
| - | <u> </u> | <u> </u> | 762,025 | 161,305 | 600,720 | | | | |
| 17,023,718 | 9,171,535 | 7,852,183 | 3,992,469 | 2,316,808 | 1,675,661 | | | | |
| - | - | - | - | - | - | | | | |
| - | - | - | - - | - - | - | | | | |
| 16,042,303 | 9,420,525 | 6,621,778 | - | - | - | | | | |
| - | - | - | - | - | - | | | | |
| | | | 3,992,469 | 2,316,808 | 1,675,661 | | | | |
| 16,042,303 | 9,420,525 | 6,621,778 | 3,992,469 | 2,316,808 | 1,675,661 | | | | |
| 981,415 | (248,990) | 1,230,405 | | | | | | | |
| 255,663 | 191,277 | 64,386 | | - - | - - | | | | |
| 255,663 | 191,277 | 64,386 | <u> </u> | | | | | | |
| 1,237,078 | (57,713) | 1,294,791 | - | - | - | | | | |
| 62,877 | 62,877 | | | | | | | | |
| \$ 1,299,955 | \$ 5,164 | \$ 1,294,791 | \$ - | \$ - | \$ - | | | | |

City of Lansing

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds (Continued) For the Year Ended June 30, 2008

| | Stadium | | | | | |
|----------------------------------|---------|-----------|--------|-----------|----------------------|---------|
| | | Budget | Actual | | Variance with Budget | |
| Revenues | | 8 | | | | |
| Taxes and special assessments | \$ | - | \$ | _ | \$ | - |
| Intergovernmental | | - | | - | | - |
| Charges for services | | 608,000 | | 547,823 | | 60,177 |
| Fines and forfeits | | - | | - | | - |
| Interest | | 500 | | 3,855 | | (3,355) |
| Contributions | | - | | - | | - |
| Other | | | | | | |
| Total revenues | | 608,500 | | 551,678 | | 56,822 |
| Expenditures | | | | | | |
| Current expenditures: | | | | | | |
| General government | | - | | _ | | _ |
| Public safety | | - | | - | | _ |
| Highways and streets | | - | | - | | - |
| Recreation and culture | | 57,744 | | 57,744 | | - |
| Other functions | | - | | - | | - |
| Debt service: | | | | | | |
| Principal | | 1,020,000 | | 1,020,000 | | - |
| Interest | | 360,756 | | 358,384 | | 2,372 |
| Capital outlay | | | | - | | |
| Total expenditures | | 1,438,500 | | 1,436,128 | | 2,372 |
| Revenues over (under) | | | | | | |
| expenditures | | (830,000) | | (884,450) | | 54,450 |
| Other financing sources (uses) | | | | | | |
| Transfers in | | 830,000 | | 830,000 | | - |
| Transfers out | | | | - | | |
| Total other financing | | | | | | |
| sources (uses) | | 830,000 | | 830,000 | | - |
| Net change in fund balances | | - | | (54,450) | | 54,450 |
| Fund balances, beginning of year | | 112,476 | | 112,476 | | |
| Fund balances, end of year | \$ | 112,476 | \$ | 58,026 | \$ | 54,450 |

| Principal Shopping District | | | | | | 911 Communications Center | | | | | | |
|-----------------------------|--------------------------|----|------------------------|-----|----------------------|---------------------------|-------------|----|-------------|----|-----------------------|--|
| | Budget | - | Actual | Var | iance with Budget | | Budget | | Actual | | riance with Budget | |
| \$ | 417,080 | \$ | 416,760 | \$ | 320 | \$ | - | \$ | - | \$ | - | |
| | 1,000 | | 4,075 | | (3,075) | | 5,202,390 | | 5,121,906 | | 80,484 | |
| | 1,500 10,000 4,000 | | 408 10,000 2,835 | | 1,092 - 1,165 | | 78,326 | | - - - | | 78,326 | |
| | 433,580 | | 434,078 | | (498) | | 5,280,716 | | 5,121,906 | | 158,810 | |
| | 485,655 | | 490,652 | | (4,997) - | | 5,499,663 | | 5,138,210 | | 361,453 | |
| | - - - | | - - - | | - - - | | - - - | | - - - | | - - - | |
| | - - - | | - - | | - - - | | - - - | | - - - | | - - - | |
| | 485,655 | | 490,652 | | (4,997) | | 5,499,663 | | 5,138,210 | | 361,453 | |
| | (52,075) | | (56,574) | | 4,499 | | (218,947) | | (16,304) | | (202,643) | |
| | 42,075 | | 42,075 | | - - | | - - | | - - | | <u>-</u> | |
| | 42,075 | | 42,075 | | | | | | | | - | |
| | (10,000) | | (14,499) | | 4,499 | | (218,947) | | (16,304) | | (202,643) | |
| | 21,625 | | 21,625 | | | | 159,702 | | 159,702 | | | |
| \$ | 11,625 | \$ | 7,126 | \$ | 4,499 | \$ | (59,245) | \$ | 143,398 | \$ | (202,643) | |

City of Lansing

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds (Concluded) For the Year Ended June 30, 2008

| | Building Department | | | | | |
|----------------------------------|----------------------------|--------------|----|--------------|-----|----------------------|
| | | Budget | | Actual | Var | iance with Budget |
| Revenues | | Duuget | | Actual | | buugei |
| Taxes and special assessments | \$ | - | \$ | _ | \$ | _ |
| Intergovernmental | | - | | - | | = |
| Charges for services | | 1,512,357 | | 1,445,375 | | 66,982 |
| Fines and forfeits | | - | | - | | = |
| Interest | | - | | - | | - |
| Contributions | | - | | - | | - |
| Other | | | | | | - |
| Total revenues | | 1,512,357 | | 1,445,375 | | 66,982 |
| Expenditures | | | | | | |
| Current expenditures: | | | | | | |
| General government | | 2,005,771 | | 1,924,547 | | 81,224 |
| Public safety | | - | | - | | - |
| Highways and streets | | - | | - | | - |
| Recreation and culture | | - | | - | | - |
| Other functions | | - | | - | | - |
| Debt service: | | | | | | |
| Principal | | - | | - | | - |
| Interest | | - | | - | | - |
| Capital outlay | | - | | - | | |
| Total expenditures | | 2,005,771 | | 1,924,547 | | 81,224 |
| Revenues over (under) | | | | | | |
| expenditures | | (493,414) | | (479,172) | | (14,242) |
| Other financing sources (uses) | | | | | | |
| Transfers in | | 500,000 | | 500,000 | | - |
| Transfers out | | | | | | |
| Total other financing | | | | | | |
| sources (uses) | | 500,000 | | 500,000 | | |
| Net change in fund balances | | 6,586 | | 20,828 | | (14,242) |
| Fund balances, beginning of year | | 3,099 | | 3,099 | | |
| Fund balances, end of year | \$ | 9,685 | \$ | 23,927 | \$ | (14,242) |

| | | Parks | s Department | t | | | | | Totals | | |
|----|---|-------|--------------|----|-------------|----|--------------|----|--|----|--------------|
| | | | _ | Va | riance with | | | | | Va | ariance with |
| | Budget | | Actual | | Budget | | Budget | | Actual | | Budget |
| \$ | _ | \$ | _ | \$ | _ | \$ | 417,080 | \$ | 416,760 | \$ | 320 |
| Ψ | _ | Ψ | _ | Ψ | _ | Ψ | 29,970,059 | Ψ | 21,131,816 | Ψ | 8,838,243 |
| | - | | - | | _ | | 8,837,292 | | 8,336,490 | | 500,802 |
| | - | | _ | | - | | 515,000 | | 687,463 | | (172,463) |
| | - | | 20,847 | | (20,847) | | 428,500 | | 373,275 | | 55,225 |
| | - | | - | | - | | 91,826 | | 10,000 | | 81,826 |
| | | | | | | | 766,025 | _ | 224,782 | | 541,243 |
| | | | 20,847 | | (20,847) | | 41,025,782 | | 31,180,586 | | (9,845,196) |
| | | | | | | | | | | | |
| | _ | | - | | - | | 2,491,426 | | 2,415,199 | | 76,227 |
| | - | | - | | - | | 6,636,052 | | 6,137,948 | | 498,104 |
| | - | | - | | - | | 10,056,685 | | 9,278,478 | | 778,207 |
| | 80,522 | | - | | 80,522 | | 138,266 | | 57,744 | | 80,522 |
| | - | | - | | - | | 16,042,303 | | 9,420,525 | | 6,621,778 |
| | - | | - | | - | | 1,859,051 | | 1,858,050 | | 1,001 |
| | - | | - | | - | | 674,035 | | 669,026 | | 5,009 |
| | | | | | | | 22,578,950 | _ | 9,432,412 | | 13,146,538 |
| | 80,522 | | - | | 80,522 | | 60,476,768 | | 39,269,382 | | 21,207,386 |
| | (80,522) | | 20,847 | | (101,369) | | (19,450,986) | | (8,088,796) | | 11,362,190 |
| | , . , , , , , , , , , , , , , , , , , , | | <u> </u> | | | | , , , , , , | | , , <u>, , , , , , , , , , , , , , ,</u> | | · · · · · · |
| | - | | 49 | | (49) | | 12,647,933 | | 7,567,130 | | 5,080,803 |
| | | | | | | | (1,463,713) | | (1,463,713) | | |
| | | | | | | | | | | | |
| | | | 49 | | (49) | | 11,184,220 | | 6,103,417 | | 5,080,803 |
| | (80,522) | | 20,896 | | (101,418) | | (8,266,766) | | (1,985,379) | | 6,281,387 |
| | 536,681 | | 536,681 | | | | 16,875,046 | | 16,875,046 | | |
| \$ | 456,159 | \$ | 557,577 | \$ | (101,418) | \$ | 8,608,280 | \$ | 14,889,667 | \$ | 6,281,387 |

Nonmajor Debt Service Funds

1990 Special Assessments Fund – This fund accounts for the accumulation of resources for payment of the 1990 \$800,000 Special Assessment Bonds.

1996 Refunding Bonds Fund – This fund accounts for the accumulation of resources for payment of the 1996 \$10,800,000 Refunding Bonds.

1998 Building Authority Fund – This fund accounts for the accumulation of resources for payment of the 1998 \$2,175,000 Building Authority Bonds.

1999 Fire Station Fund – This fund accounts for the accumulation of resources for payment of the 1999 \$3,000,000 Unlimited Tax General Obligation Bonds.

2001 Fire Station Fund – This fund accounts for the accumulation of resources for the payment of the 2001 \$4,000,000 Unlimited Tax General Obligation Bonds.

City of Lansing Combining Balance Sheet - Nonmajor Debt Service Funds June 30, 2008

| | 1990 Special Assessments | | R | 1996 efunding Bonds | 1998 Building Authority | | 1999 Fire Station | |
|--|--------------------------------|-----|----|---------------------------|-------------------------------|---------------|-------------------------|------------------|
| Assets Equity in pooled cash Special assessments receivable Due from other funds | \$ | 317 | \$ | 169,191 - - | \$ | - - 191 | \$ | 45,883 - - |
| Total assets | \$ | 317 | \$ | 169,191 | \$ | 191 | \$ | 45,883 |
| <u>Liabilities and fund balances</u> | | | | | | | | |
| Liabilities Deferred revenues | \$ | 317 | \$ | - | \$ | - | \$ | - |
| Fund balances Unreserved, undesignated | | | | 169,191 | | 191 | | 45,883 |
| Total liabilities and fund balances | \$ | 317 | \$ | 169,191 | \$ | 191 | \$ | 45,883 |

| 2001 Fire Station | Totals |
|-----------------------------|-----------------------------|
| \$ 40,879 - - | \$ 255,953 317 191 |
| \$ 40,879 | \$ 256,461 |
| \$ _ | \$ 317 |
| 40,879 | 256,144 |
| \$ 40,879 | \$ 256,461 |

City of Lansing
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Debt Service Funds
For the Year Ended June 30, 2008

| | Sp | 990 ecial ssments | R | 1996 efunding Bonds | 1998 Building uthority | 1999 Fire Station |
|---|----|-------------------------|----|---------------------------|------------------------------|-----------------------------|
| Revenues Taxes and special assessments Interest | \$ | 1,052 27 | \$ | 1,557,266 72,677 | \$ - - | \$ 281,300 13,057 |
| Total revenues | | 1,079 | | 1,629,943 | | 294,357 |
| Expenditures Debt service: Principal payments | | 10,000 | | 1,410,000 | 110,000 | 165,000 |
| Interest | | 1,001 | | 142,890 | 65,038 | 107,713 |
| Total expenditures | | 11,001 | | 1,552,890 | 175,038 | 272,713 |
| Revenues over (under) expenditures | | (9,922) | | 77,053 | (175,038) | 21,644 |
| Other financing sources Transfers in | | 8,127 | | <u>-</u> | 175,226 | |
| Net change in fund balances | | (1,795) | | 77,053 | 188 | 21,644 |
| Fund balances, beginning of year | | 1,795 | | 92,138 | 3 | 24,239 |
| Fund balances, end of year | \$ | | \$ | 169,191 | \$ 191 | \$ 45,883 |

| 2001 Fire Station | | Totals | | |
|-------------------------|-----------|----------------------|--|--|
| | | | | |
| \$ 309,620 14,261 | \$ | 2,149,238 100,022 | | |
| 323,881 | | 2,249,260 | | |
| | | | | |
| | | | | |
| 155,000 | 1,850,000 | | | |
| 154,345 | | 470,987 | | |
| 309,345 | | 2,320,987 | | |
| 14,536 | | (71,727) | | |
| <u>-</u> | | 183,353 | | |
| 14,536 | | 111,626 | | |
| 26,343 | | 144,518 | | |
| \$ 40,879 | \$ | 256,144 | | |

Nonmajor Capital Projects Funds

1990 Environmental I Fund – This fund accounts for the proceeds of the 1990 \$7,000,000 Environmental bonds.

1990 Environmental II Fund – This fund accounts for the proceeds of the 1990 \$6,300,000 Environmental bonds.

Combined Sewer Overflow Fund – This fund accounts for the storm sewer portion of the combined sewer overflow bonds.

Special Assessments Fund – This fund is used to account for the financing of public improvements deemed to benefit the properties against which special assessments are levied.

Lansing Center Improvements Fund – This fund accounts for the proceeds of the 2006 \$4,000,000 Lansing Center Limited Tax Bonds.

MTF Bonds Fund – This fund accounts for the proceeds of the \$1,600,000 Michigan Transportation Fund Limited Tax Bonds.

Other Capital Projects Fund – This fund accounts for miscellaneous capital projects.

City of Lansing Combining Balance Sheet - Nonmajor Capital Projects Funds June 30, 2008

| | | 1990 nviron- nental I | | 1990 Environ- nental II | | Combined Sewer Overflow | | Special Assess- ments |
|---|----|-----------------------------|----------|-------------------------------|----|-------------------------------|----|-----------------------------|
| Assets | Φ. | | A | | Φ. | | Φ. | |
| Cash and cash equivalents Equity in pooled cash | \$ | - 84,659 | \$ | 317,999 | \$ | 1,049,865 | \$ | - |
| Special assessments receivable: | | 04,039 | | 317,999 | | 1,049,803 | | - |
| Current | | - | | _ | | - | | 173,026 |
| Deferred | | - | | - | | - | | 756,774 |
| Accrued interest receivable | | - | | - | | - | | = |
| Advances to other funds | | - | | = | | - | | 1.070 |
| Due from other governments | | | | | | | | 1,070 |
| Total assets | \$ | 84,659 | \$ | 317,999 | \$ | 1,049,865 | \$ | 930,870 |
| <u>Liabilities and fund balances</u> Liabilities | | | | | | | | |
| Accounts payable | \$ | - | \$ | 32,182 | \$ | - | \$ | 26,424 |
| Accrued payroll Due to other funds | | - | | - | | - | | - |
| Advances from other funds | | - | | <u>-</u> | | _ | | 307,848 |
| Deferred revenue | | _ | | | | | | 756,774 |
| Total liabilities | | | | 32,182 | | | | 1,091,046 |
| Fund balances | | | | | | | | |
| Reserved for advances | | - | | _ | | - | | - |
| Unreserved, undesignated (deficit) | | 84,659 | | 285,817 | | 1,049,865 | | (160,176) |
| Total fund balances (deficit) | | 84,659 | | 285,817 | | 1,049,865 | | (160,176) |
| Total liabilities and fund balances | \$ | 84,659 | \$ | 317,999 | \$ | 1,049,865 | \$ | 930,870 |

| Lansing Center Improvements | MTF Bonds | Other | Totals | | | |
|-----------------------------------|---------------------------------------|-------------------------------|--|--|--|--|
| \$ - 1,093,701 | \$ 6,097,250 | \$ 2,385,852 8,471,834 | \$ 8,483,102 11,018,058 | | | |
| - - - | - - 19,214 - | 4,032 192,439 | 173,026 756,774 23,246 192,439 1,070 | | | |
| \$ 1,093,701 | \$ 6,116,464 | \$ 11,172,746 | \$ 20,766,304 | | | |
| th 40.065 | 6 500 | ¢ 552.054 | ф | | | |
| \$ 49,865 - - - | \$ 500 - 968,222 - 14,283 | \$ 553,954 1,372 - - | \$ 662,925 1,372 968,222 307,848 771,057 | | | |
| 49,865 | 983,005 | 555,326 | 2,711,424 | | | |
| 1,043,836 | 5,133,459 | 192,439 10,424,981 | 192,439 17,862,441 | | | |
| 1,043,836 | 5,133,459 | 10,617,420 | 18,054,880 | | | |
| \$ 1,093,701 | \$ 6,116,464 | \$ 11,172,746 | \$ 20,766,304 | | | |

City of Lansing Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds For the Year Ended June 30, 2008

| | 1990 Environ- mental I | 1990 Environ- mental II | Combined Sewer Overflow | Special Assess- ments |
|---|------------------------------|-------------------------------|-------------------------------|-----------------------------|
| Revenues | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ 167,961 |
| Charges for services | - 2.164 | - | - | - |
| Interest | 3,164 | 13,414 | - | - |
| Donations from private sources | | | | |
| Total revenues | 3,164 | 13,414 | - | 167,961 |
| Expenditures | | | | |
| Capital outlay | - | 77,232 | 134,567 | 188,674 |
| | | | | |
| Revenues over (under) expenditures | 3,164 | (63,818) | (134,567) | (20,713) |
| Other financing sources (uses) | | | | |
| Transfers in | _ | _ | _ | _ |
| Transfers out | _ | _ | _ | _ |
| Issuance of long-term debt | _ | _ | _ | _ |
| Bond premium | _ | _ | _ | _ |
| | | | | |
| Total other financing sources | | | | |
| Net change in fund balances | 3,164 | (63,818) | (134,567) | (20,713) |
| Fund balance (deficit), beginning of year | 81,495 | 349,635 | 1,184,432 | (139,463) |
| Fund balance (deficit), end of year | \$ 84,659 | \$ 285,817 | \$ 1,049,865 | \$ (160,176) |

| Lansing Center | MTF | | |
|-------------------|--------------|---------------|---------------|
| Improvements | Bonds | Other | Totals |
| | | | |
| \$ - | \$ - | \$ - | \$ 167,961 |
| - | - | 465,762 | 465,762 |
| 81,050 | 162,678 | 91,847 | 352,153 |
| | | 326,768 | 326,768 |
| 81,050 | 162,678 | 884,377 | 1,312,644 |
| 1,345,565 | 45,685 | 5,003,992 | 6,795,715 |
| (1,264,515) | 116,993 | (4,119,615) | (5,483,071) |
| | | | |
| - | - | 5,255,071 | 5,255,071 |
| - | (4,088,899) | (851,999) | (4,940,898) |
| - | 3,500,000 | 518,000 | 4,018,000 |
| | 34,979 | | 34,979 |
| | (553,920) | 4,921,072 | 4,367,152 |
| (1,264,515) | (436,927) | 801,457 | (1,115,919) |
| 2,308,351 | 5,570,386 | 9,815,963 | 19,170,799 |
| \$ 1,043,836 | \$ 5,133,459 | \$ 10,617,420 | \$ 18,054,880 |

Permanent Funds

Cemetery Perpetual Care Fund – This fund accounts for transfers from the Cemetery Fund, representing 15% of lot sales. These funds are invested, and all investment earnings are transferred to the Cemetery Fund for lot maintenance.

Parks Trust Fund – This fund accounts for contributions made for City parks, the principal of which must be preserved in accordance with the trust indentures. Income derived from these contributions is transferred to the Parks Department special revenue fund.

City of Lansing Combining Balance Sheet - Nonmajor Permanent Funds June 30, 2008

| | Cemetery Perpetual Care | | | Parks Trust | | Totals |
|--------------------------------------|-------------------------------|-----------|----|----------------|----|-----------|
| Assets | ď | | ¢ | 1 250 | ď | 1.250 |
| Equity in pooled cash | \$ | 1 (21 190 | \$ | 1,250 | \$ | 1,250 |
| Investments | | 1,631,189 | | - | | 1,631,189 |
| Accrued interest receivable | | 20,590 | | | | 20,590 |
| Total assets | \$ 1,651,779 | | \$ | 1,250 | \$ | 1,653,029 |
| <u>Liabilities and fund balances</u> | | | | | | |
| Liabilities Literary describes | \$ | 42.027 | \$ | | \$ | 42.027 |
| Interfund payables | Ф | 43,037 | Ф | - | Ф | 43,037 |
| Fund balances | | | | | | |
| Unreserved, undesignated | | 1,608,742 | | 1,250 | | 1,609,992 |
| Total liabilities and fund balances | \$ | 1,651,779 | \$ | 1,250 | \$ | 1,653,029 |

City of Lansing
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Permanent Funds
For the Year Ended June 30, 2008

| | Cemetery Perpetual Care | | Parks Trust | | Totals | |
|---|-------------------------------|--------------------|----------------|-------|--------|--------------------|
| Revenues Interest | \$ | 70,106 | \$ | 49_ | \$ | 70,155 |
| Other financing sources (uses) Transfers in Transfers out | | 12,990 (70,043) | | (49) | | 12,990 (70,092) |
| Total other financing sources (uses) | | (57,053) | | (49) | | (57,102) |
| Net change in fund balances | | 13,053 | | - | | 13,053 |
| Fund balances, beginning of year | | 1,595,689 | | 1,250 | | 1,596,939 |
| Fund balances, end of year | \$ | 1,608,742 | \$ | 1,250 | \$ | 1,609,992 |

Nonmajor Enterprise Funds

Cemetery Fund – This fund accounts for the operation of City-owned cemeteries.

Golf Fund – This fund accounts for the operation of the City-owned golf courses.

Garbage and Rubbish Collection Fund – This fund accounts for the provision of household solid waste disposal services to participating residents of the City.

Recycling Fund – This fund accounts for the provision of recycling services to participating residents of the City.

Potter Park Zoo Fund – This fund accounts for the operations of the Potter Park Zoo.

City of Lansing Combining Statement of Net Assets - Nonmajor Enterprise Funds June 30, 2008

| | C | emetery | Golf | | Garbage and Rubbish Collection | | Recycling | |
|--|----|---------|------|-----------|--------------------------------------|---------|-----------|-----------|
| Assets | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ | - | \$ | 12,494 | \$ | 1,707 | \$ | - |
| Equity in pooled cash | | 142,003 | | 64,948 | | - | | 1,347,410 |
| Accounts receivable, net | | - | | 240 | | 408,617 | | 14,039 |
| Inventories | | 52,188 | | 18,626 | | 6,841 | | =_ |
| Total current assets | | 194,191 | | 96,308 | | 417,165 | | 1,361,449 |
| Noncurrent assets: | | | | | | | | |
| Capital assets not being depreciated | | 71,255 | | 446,501 | | - | | 19,412 |
| Capital assets being depreciated, net | | 177,471 | | 2,708,965 | | | | 777,925 |
| Total assets | | 442,917 | | 3,251,774 | | 417,165 | | 2,158,786 |
| Liabilities | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Accounts payable | | 1,781 | | 4,871 | | 39,457 | | 27,082 |
| Accrued interest payable | | - | | 10,675 | | - | | - |
| Accrued payroll | | 13,146 | | 17,674 | | - | | - |
| Interfund payable | | - | | - | | 96,273 | | - |
| Unearned revenues | | _ | | 35,915 | | 97,413 | | - |
| Current portion of: | | | | | | | | |
| Long-term debt | | - | | 70,000 | | - | | - |
| Compensated absences | | 10,912 | | 27,133 | | - | | - |
| Total current liabilities | | 25,839 | | 166,268 | | 233,143 | | 27,082 |
| Noncurrent liabilities: | | | | | | | | |
| Long-term debt, net of current portion | | - | | 696,646 | | - | | - |
| Compensated absences | | 4,731 | | - | | - | | - |
| Total noncurrent liabilities | | 4,731 | | 696,646 | | | | - |
| Total liabilities | | 30,570 | | 862,914 | | 233,143 | | 27,082 |
| Net Assets | | | | | | | | |
| Invested in capital assets, net | | | | | | | | |
| of related debt | | 248,726 | | 2,388,820 | | - | | 797,337 |
| Unrestricted | | 163,621 | | 40 | | 184,022 | | 1,334,367 |
| Total net assets | \$ | 412,347 | \$ | 2,388,860 | \$ | 184,022 | \$ | 2,131,704 |

| Park Zoo Total | S |
|----------------|-------|
| | |
| | |
| | |
| | 1,201 |
| - 1,554 | |
| | 2,896 |
| | ,655 |
| - 2,069 | ,113 |
| | |
| | |
| | 7,168 |
| | ,361 |
| | |
| |),642 |
| | |
| | |
| 70 | 101 |
| | 3,191 |
| |),675 |
| |),820 |
| | 5,273 |
| - 133 | 3,328 |
| 70 | 0,000 |
| | |
| | 2,332 |
| | 2,332 |
| | |
| - 696 | 5,646 |
| | 1,731 |
| - 701 | ,377 |
| 701 | ,511 |
| | 3.709 |
| | , |
| | |
| | |
| - 3,434 | 1,883 |
| - 1,682 | |
| | |
| \$ - \$ 5,116 | 5,933 |

City of Lansing Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Enterprise Funds For the Year Ended June 30, 2008

| | Cemetery | Golf | Garbage and Rubbish Collection | Recycling | |
|--|--------------------|--------------------|--------------------------------------|------------------------|--|
| Operating revenues | | | | | |
| Charges for services | \$ 218,688 | \$ 607,922 | \$ 1,617,717 | \$ 3,039,089 | |
| Operating expenses Personal services Contractual and materials | 419,060 234,126 | 467,646 429,908 | 622,787 813,855 | 1,727,560 1,190,258 | |
| Depreciation | 22,486 | 130,393 | | 22,548 | |
| Total operating expenses | 675,672 | 1,027,947 | 1,436,642 | 2,940,366 | |
| Operating income (loss) | (456,984) | (420,025) | 181,075 | 98,723 | |
| Nonoperating revenues (expenses) Interest revenue Gain on sale of capital assets Interest expense and fees | 2,119 | (44,558) | (1,716) | 33,481 | |
| Total nonoperating revenues (expenses) | 2,119 | (44,558) | (1,716) | 33,481 | |
| Income (loss) before contributions and transfers | (454,865) | (464,583) | 179,359 | 132,204 | |
| Capital contributions | 136,226 | - | - | - | |
| Transfers in | 416,775 | 829,672 | - | - | |
| Transfers out | (12,990) | - | - | - | |
| Special item - transfer of zoo assets | | | | | |
| Change in net assets | 85,146 | 365,089 | 179,359 | 132,204 | |
| Net assets, beginning of year | 327,201 | 2,023,771 | 4,663 | 1,999,500 | |
| Net assets, end of year | \$ 412,347 | \$ 2,388,860 | \$ 184,022 | \$ 2,131,704 | |

| | Potter Park Zoo | Totals |
|----|--------------------|----------------------|
| Φ. | (115) | Ф. 5.402.201 |
| \$ | (115) | \$ 5,483,301 |
| | | |
| | (189,222) | 3,047,831 |
| | 128 32,824 | 2,668,275 208,251 |
| | 32,824 | 200,231 |
| | (156,270) | 5,924,357 |
| | 156,155 | (441,056) |
| | | |
| | - | 31,765 |
| | - | 2,119 |
| | - | (44,558) |
| | - | (10,674) |
| | | |
| | 156,155 | (451,730) |
| | - | 136,226 |
| | - | 1,246,447 |
| | (188,977) | (201,967) |
| | (5,797,900) | (5,797,900) |
| | (5,830,722) | (5,068,924) |
| | 5,830,722 | 10,185,857 |
| \$ | - | \$ 5,116,933 |

City of Lansing
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2008

| | | Cemetery | | Golf | | arbage and Rubbish Collection | | Recycling |
|--|-----|-----------|----|-----------|----|-------------------------------------|----|-------------|
| Cash flows from operating activities | | | | | | | | |
| Cash received from customers | \$ | 218,688 | \$ | 607,780 | \$ | 1,419,622 | \$ | 3,033,542 |
| Cash payments for goods and services | т. | (250,668) | _ | (785,085) | _ | (791,541) | 7 | (1,229,263) |
| Cash payments to employees | | (427,057) | | (483,941) | | (645,435) | | (1,803,026) |
| Net cash provided by (used for) | | | | | | | | |
| operating activities | | (459,037) | | (661,246) | | (17,354) | | 1,253 |
| Cash flows from noncapital | | | | | | | | |
| financing activities | | | | | | | | |
| Transfers in | | 416,775 | | 829,672 | | - | | = |
| Transfers out | | (12,990) | | | | - | | - |
| Net cash provided by (used for) | · · | | | _ | | | | _ |
| noncapital financing activities | | 403,785 | | 829,672 | | | | |
| Cash flows from capital and related | | | | | | | | |
| financing activities | | | | | | | | |
| Proceeds from sale of capital assets | | 2,120 | | - | | - | | - |
| Acquisition of capital assets | | (136,226) | | - | | - | | - |
| Capital contributions received | | 136,226 | | - | | - | | - |
| Principal paid on bonds | | - | | (65,000) | | - | | - |
| Interest paid on bonds | | | | (43,829) | | | | _ |
| Net cash provided by (used for) | | 2 120 | | (100.020) | | | | |
| capital and related financing activities | | 2,120 | | (108,829) | | | | <u> </u> |
| Cash flows from investing activities | | | | | | (4.54.5) | | 22 404 |
| Interest and dividends | | | | - | | (1,716) | | 33,481 |
| Net increase (decrease) in cash and | | | | | | | | |
| cash equivalents | | (53,132) | | 59,597 | | (19,070) | | 34,734 |
| Cash and cash equivalents: | | | | | | | | |
| Beginning of year | | 195,135 | | 17,845 | | 20,777 | | 1,312,676 |
| End of year | \$ | 142,003 | \$ | 77,442 | \$ | 1,707 | \$ | 1,347,410 |

| Potter Park Zoo | Totals |
|----------------------------------|---|
| \$ (115) (206,256) 141,634 | \$ 5,279,517 (3,262,813) (3,217,825) |
| (64,737) | (1,201,121) |
| (188,977) | 1,246,447 (201,967) |
| (188,977) | 1,044,480 |
| - - - - - | 2,120 (136,226) 136,226 (65,000) (43,829) |
| | (106,709) |
| | 31,765 |
| (253,714) | (231,585) |
| 253,714 | 1,800,147 |
| \$ - | \$ 1,568,562 |

continued...

City of Lansing Combining Statement of Cash Flows (concluded) Nonmajor Enterprise Funds For the Year Ended June 30, 2008

| | Cemetery Golf | |] | Garbage and Rubbish Collection | | ecycling | |
|---|---------------|-----------|-----------------|--------------------------------------|-----------|----------|----------|
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities | | | | | | | |
| Operating income (loss) | \$ | (456,984) | \$ (420,025) | \$ | 181,075 | \$ | 98,723 |
| Adjustments to reconcile operating | | | | | | | |
| income (loss) to net cash from | | | | | | | |
| operating activities: | | | | | | | |
| Depreciation expense | | 22,486 | 130,393 | | - | | 22,548 |
| Changes in assets and liabilities: | | | | | | | |
| Accounts receivable | | - | (142) | | (198,095) | | (5,547) |
| Inventories | | 1,323 | 12,593 | | (5,473) | | - |
| Accounts payable | | (1,879) | (21,040) | | 9,487 | | 10,560 |
| Accrued interest payable | | - | (829) | | - | | - |
| Accrued payroll | | (7,997) | (16,295) | | (22,648) | | (75,466) |
| Interfund payable | | - | (324,269) | | 53,407 | | - |
| Unearned revenues | | - | 5,687 | | 22,823 | | - |
| Compensated absences | | (15,986) | (27,319) | | (57,930) | | (49,565) |
| Net cash provided by (used for) | | | | | | | |
| operating activities | \$ | (459,037) | \$ (661,246) | \$ | (17,354) | \$ | 1,253 |

Noncash transactions:

The City transferred capital assets in the amount of \$5,797,900 related to the Potter Park Zoo. This transaction did not involve cash.

| P | Potter Park Zoo | Totals | | | | | |
|----|--------------------|--------|-------------|--|--|--|--|
| | | | | | | | |
| \$ | 156,155 | \$ | (441,056) | | | | |
| | | | | | | | |
| | 32,824 | | 208,251 | | | | |
| | - | | (203,784) | | | | |
| | _ | | 8,443 | | | | |
| | (16,904) | | (19,776) | | | | |
| | | | (829) | | | | |
| | (47,588) | | (169,994) | | | | |
| | - | | (270,862) | | | | |
| | _ | | 28,510 | | | | |
| | (189,224) | | (340,024) | | | | |
| | | | | | | | |
| \$ | (64,737) | \$ | (1,201,121) | | | | |

Internal Service Funds

Fleet Maintenance Fund – This fund accounts for the costs of maintaining the City's fleet of vehicles and heavy equipment.

Fringe Benefits Fund – This fund accounts for the costs of the City's fringe benefits.

Engineering Fund – This fund accounts for the operations of the City's engineering department.

City of Lansing Combining Statement of Net Assets Internal Service Funds June 30, 2008

| | Fleet Maintenance | Fringe Benefits | Engineering | Totals |
|---|----------------------|--------------------|-------------|---------------|
| Assets | | | | |
| Current assets: | | | | |
| Equity in pooled cash | \$ 4,852,014 | 2,546,079 | \$ 312,212 | \$ 7,710,305 |
| Receivables: | | | | |
| Accounts, net | - | 1,173,766 | - | 1,173,766 |
| Inventories | 720,348 | - | - | 720,348 |
| Prepaids | | 588,303 | | 588,303 |
| Total current assets | 5,572,362 | 4,308,148 | 312,212 | 10,192,722 |
| Noncurrent assets: | | | | |
| Issuance costs | 5,013 | - | - | 5,013 |
| Capital assets not being depreciated | 55,297 | - | - | 55,297 |
| Capital assets being depreciated, net | 5,968,350 | | | 5,968,350 |
| Total non-current assets | 6,028,660 | | | 6,028,660 |
| Total assets | 11,601,022 | 4,308,148 | 312,212 | 16,221,382 |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 58,500 | 1,026,350 | 10,132 | 1,094,982 |
| Accrued interest payable | 20,865 | - | - | 20,865 |
| Accrued payroll | 39,723 | 73,666 | 35,914 | 149,303 |
| Other | - | 2,062,388 | - | 2,062,388 |
| Current portion of: | | | | |
| Long-term debt | 130,000 | - | - | 130,000 |
| Compensated absences | 148,171 | - | 153,600 | 301,771 |
| Total current liabilities | 397,259 | 3,162,404 | 199,646 | 3,759,309 |
| Noncurrent liabilities: | | | | |
| Long-term debt, net of current portions | 1,040,000 | _ | _ | 1,040,000 |
| Compensated absences | 95,269 | _ | 112,566 | 207,835 |
| Total non-current liabilities | 1,135,269 | | 112,566 | 1,247,835 |
| Total liabilities | 1,532,528 | 3,162,404 | 312,212 | 5,007,144 |
| Net assets | | | | |
| Invested in capital assets, net of related debt | 4,853,647 | - | - | 4,853,647 |
| Unrestricted | 5,214,847 | 1,145,744 | | 6,360,591 |
| Total net assets | \$ 10,068,494 | \$ 1,145,744 | \$ - | \$ 11,214,238 |

City of Lansing Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Year Ended June 30, 2008

| | Fleet Maintenance | Fringe Benefits | Engineering | Totals |
|--|----------------------|--------------------|--------------|---------------|
| Operating revenues | | | | |
| Charges for services | \$ 7,137,639 | \$ 48,554,385 | \$ 2,408,158 | \$ 58,100,182 |
| Operating expenses | | | | |
| Personal services | 3,185,563 | 68,373 | 1,924,158 | 5,178,094 |
| Purchase of goods and services | 3,195,131 | 49,741,610 | 484,000 | 53,420,741 |
| Depreciation | 1,618,321 | | | 1,618,321 |
| Total operating expenses | 7,999,015 | 49,809,983 | 2,408,158 | 60,217,156 |
| Operating loss | (861,376) | (1,255,598) | | (2,116,974) |
| Nonoperating revenues (expenses) | | | | |
| Gain on sale of capital assets | 124,436 | - | - | 124,436 |
| Interest expense and fees | (67,707) | | | (67,707) |
| Total nonoperating revenues (expenses) | 56,729 | | | 56,729 |
| Loss before | | | | |
| contributions and transfers | (804,647) | (1,255,598) | - | (2,060,245) |
| Capital contributions | 28,861 | - | - | 28,861 |
| Transfers in | 645,000 | | | 645,000 |
| Change in net assets | (130,786) | (1,255,598) | - | (1,386,384) |
| Net assets, beginning of year | 10,199,280 | 2,401,342 | | 12,600,622 |
| Net assets, end of year | \$ 10,068,494 | \$ 1,145,744 | \$ - | \$ 11,214,238 |

City of Lansing Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2008

| | Fleet Maintenance | Fringe Benefits | Engineering | Totals |
|--|----------------------|--------------------|--------------|----------------|
| Cash flows from operating activities | | | | |
| Cash received from interfund services | \$ 9,578,665 | \$ 49,850,221 | \$ 2,408,158 | \$ 61,837,044 |
| Cash payments for goods and services | (3,214,649) | (47,272,242) | (345,743) | (50,832,634) |
| Cash payments to employees | (3,230,222) | (31,900) | (1,926,440) | (5,188,562) |
| Net cash provided by (used for) | | | | |
| operating activities | 3,133,794 | 2,546,079 | 135,975 | 5,815,848 |
| Cash flows from noncapital financing activities | | | | |
| Transfers in | 645,000 | | | 645,000 |
| Cash flows from capital and related financing activities | | | | |
| Proceeds from sale of capital assets | 124,436 | _ | _ | 124,436 |
| Acquisition and construction of capital assets | (101,760) | _ | _ | (101,760) |
| Capital contributions received | 28,861 | _ | _ | 28,861 |
| Principal paid on revenue and general obligation bonds | (125,000) | _ | _ | (125,000) |
| Interest paid on revenue and general obligation bonds | (67,053) | _ | _ | (67,053) |
| Net cash used for capital and related | (07,033) | | | (07,023) |
| financing activities | (140,516) | | | (140,516) |
| Net increase in cash and cash equivalents | 3,638,278 | 2,546,079 | 135,975 | 6,320,332 |
| • | | 2,5 10,075 | | |
| Cash and cash equivalents, beginning of year | 1,213,736 | | 176,237 | 1,389,973 |
| Cash and cash equivalents, end of year | \$ 4,852,014 | \$ 2,546,079 | \$ 312,212 | \$ 7,710,305 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities Operating income (loss) Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | \$ (861,376) | \$ (1,255,598) | \$ - | \$ (2,116,974) |
| Depreciation expense | 1,618,321 | _ | _ | 1,618,321 |
| Change in: | | | | , , |
| Accounts receivable | 444 | (1,173,766) | = | (1,173,322) |
| Inventories | (48,169) | - | - | (48,169) |
| Prepaids | - | (22,883) | - | (22,883) |
| Due from other funds | _ | 10,000 | - | 10,000 |
| Interfund receivable | 2,440,582 | 2,459,602 | - | 4,900,184 |
| Accounts payable | (34,156) | 1,012,175 | (1,523) | 976,496 |
| Accrued interest payable | (2,229) | - | - | (2,229) |
| Accrued payroll | (44,659) | 36,473 | (2,282) | (10,468) |
| Other | - | 1,480,076 | - | 1,480,076 |
| Compensated absences | 65,036 | - | 139,780 | 204,816 |
| Total adjustments | 3,995,170 | 3,801,677 | 135,975 | 7,932,822 |
| Net cash provided by (used for) operating activities | \$ 3,133,794 | \$ 2,546,079 | \$ 135,975 | \$ 5,815,848 |

Agency Funds

Bail Bonds Fund – This fund is used to hold cash received by the District Court for bail bonds.

Garnishment, Indemnity Bond and Restitution Fund – This fund is used to hold cash received by the District Court for garnishment payments until claimed, and to hold indemnity bonds deposited relating to civil disputes until the Court rules on the case.

City of Lansing
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008

| | 54-A District Court | | | | | | |
|------------------------------------|---------------------|---------------|-------|--|--------|---------|--|
| | | Bail Bonds | Inden | nishment, nnity Bond Restitution | Totals | | |
| Assets Equity in pooled cash | \$ | 198,122 | \$ | 9,875 | \$ | 207,997 | |
| Liabilities Undistributed receipts | \$ | 198,122 | \$ | 9,875 | \$ | 207,997 | |

City of Lansing Combining Statement of Changes in Fiduciary Assets and Liabilities Agency Funds For the Year Ended June 30, 2008

| | | eginning Balance | Additions | | Deletions | | Ending Balance | | |
|---|----|---------------------|-----------|-----------|-----------|-----------|-------------------|---------|--|
| 54-A District Court - Bail Bonds | | | | | | | | | |
| Assets Equity in pooled cash | \$ | 167,496 | \$ | 1,039,548 | \$ | 1,008,922 | \$ | 198,122 | |
| Liabilities Undistributed receipts | \$ | 167,496 | \$ | 1,039,548 | \$ | 1,008,922 | \$ | 198,122 | |
| 54-A District Court - Garnishment, Indemnity Bond and Restitution | | | | | | | | | |
| Assets Equity in pooled cash | \$ | 9,053 | \$ | 134,474 | \$ | 133,652 | \$ | 9,875 | |
| Liabilities Undistributed receipts | \$ | 9,053 | \$ | 134,474 | \$ | 133,652 | \$ | 9,875 | |
| Total - All Agency Funds | | | | | | | | | |
| Assets Equity in pooled cash | \$ | 176,549 | \$ | 1,174,022 | \$ | 1,142,574 | \$ | 207,997 | |
| Liabilities Undistributed receipts | \$ | 176,549 | \$ | 1,174,022 | \$ | 1,142,574 | \$ | 207,997 | |

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Lansing's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and requires supplementary information says about the city's overall financial health

| Contents | Pages |
|--|---------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 105-108 |
| Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes. | 109-113 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the city's ability to issue additional debt in the future. | 114-118 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. | 119-120 |
| Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. | 121-123 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Schedule 1 City of Lansing Net Assets by Component Last Seven Fiscal Years

| (accrual basis of accounting) | 2008 | 2007 | 2006 | Fiscal Year 2005 (2) | 2004 | 2003 | 2002 |
|--|--|--|--|--|---|---|---|
| Governmental activities | 0407.054.050 | # 404.450.400 | # 400 040 447 | # 100 000 700 | \$407.500.005 | * 400 5 4 5 000 | 0470 740 075 |
| Invested in capital assets, net of related debt Restricted | \$187,054,852 34,554,539 | \$184,150,439 37,642,784 | \$190,243,447 36,706,345 | \$198,338,788 33,900,657 | \$197,530,605 | \$193,545,003 6,370 | \$176,742,875 172,111 |
| Unrestricted | (3,124,027) | 2,776,006 | 514,601 | 1,632,040 | 15,331,622 | 20,363,235 | 39,491,342 |
| Total governmental activities net assets | 218,485,364 | 224,569,229 | 227,464,393 | 233,871,485 | 212,862,227 | 213,914,608 | 216,406,328 |
| Business-type activities Invested in capital assets, net of related debt Restricted Unrestricted Total business-type activities net assets | 178,526,049 30,892,739 16,330,517 225,749,305 | 166,320,408 35,777,715 28,929,677 231,027,800 | 161,324,071 35,945,848 28,208,193 225,478,112 | 163,834,290 39,493,526 22,701,430 226,029,246 | 138,830,169 718,828 64,268,351 203,817,348 | 163,715,373 1,039,093 35,649,876 200,404,342 | 154,922,603 2,105,762 36,078,930 193,107,295 |
| Primary government Invested in capital assets, net of related debt Restricted Unrestricted | 365,580,901 65,447,278 13,206,490 | 350,470,847 73,420,499 31,705,683 | 351,567,518 72,652,193 28,722,794 | 362,173,078 73,394,183 24,333,470 | 336,360,774 718,828 79,599,973 | 357,260,376 1,045,463 56,013,111 | 331,665,478 2,277,873 75,570,272 |
| Total primary government net assets | \$444,234,669 | \$455,597,029 | \$452,942,505 | \$459,900,731 | \$416,679,575 | \$414,318,950 | \$409,513,623 |

⁽¹⁾ no discretely presented component units shown

⁽²⁾ in 2005 the City's definition of "restricted net assets" was changed to include assets in funds set up to account for activities outside of the General Fund, for Governmental Activities, and to include restricted cash for debt retirement for Business Type Activities.

⁽³⁾ seven years are reported back to the date of GASB 34 implementation $\,$

| Schedule 2 | | | | | | | |
|--|-------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| City of Lansing | | | | | | | |
| Changes in Net Assets Last Seven Fiscal Years | | | | | | | |
| (accrual basis of accounting) | | | | Fiscal Year | | | |
| (444,444,444,444,444,444,444,444,444,44 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Expenses | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$28,901,545 | \$22,043,283 | \$34,375,762 | \$53,533,838 | \$53,353,559 | \$54,386,814 | \$48,907,951 |
| Public safety | 76,211,756 | 62,570,888 | 60,047,271 | 38,668,349 | 41,292,750 | 36,998,022 | 37,442,294 |
| Public works Recreation and culture | 40,032,746 7,677,086 | 40,517,063 6,198,462 | 31,790,944 7,881,212 | 30,670,483 5,464,143 | 22,118,173 7,979,953 | 23,740,767 8,055,078 | 22,332,626 6,790,347 |
| Community development | 6,382,336 | 6,232,406 | 7,124,491 | 6,996,000 | 8,387,559 | 9,647,696 | 8,960,204 |
| Interest on long-term debt | 1,481,658 | 1,658,708 | 1,197,851 | 1,033,078 | 2,041,758 | 2,333,691 | 2,705,290 |
| Total governmental activities expenses | 160,687,127 | 139,220,810 | 142,417,531 | 136,365,891 | 135,173,752 | 135,162,068 | 127,138,712 |
| | | | | | | | |
| Business-type activities | 27 202 720 | 24.725.229 | 24 700 527 | 20 024 044 | 20.004.070 | 40.250.400 | 17 010 070 |
| Sewage disposal system Municipal parking system | 27,382,736 10,188,065 | 10,275,379 | 21,706,537 18,403,163 | 20,631,611 10,151,018 | 20,864,079 9,196,910 | 19,350,186 8,840,334 | 17,218,878 8,322,193 |
| Cemetery | 675,672 | 692,510 | 753,151 | 802,949 | 828,073 | 688,571 | 570,291 |
| Golf | 1,072,505 | 1,358,008 | 1,398,963 | 1,446,615 | 1,620,669 | 1,583,711 | 1,222,525 |
| Garbage and rubbish collection | 1,436,642 | 1,372,266 | 1,412,620 | 1,421,617 | 1,321,760 | 1,288,178 | 1,229,951 |
| Recycling | 2,940,366 | 2,777,068 | 2,981,730 | 2,862,003 | 2,768,307 | 2,642,541 | 2,437,371 |
| Potter Park Zoo | (156,270) | 2,968,236 | 2,718,759 | 2,690,943 | 2,542,065 | 2,228,724 | 1,778,059 |
| Total business-type activities expenses | 43,539,716 | 44,168,696 | 49,374,923 | 40,006,756 | 39,141,863 | 36,622,245 | 32,779,268 |
| Total primary government expenses | 204,226,843 | 183,389,506 | \$191,792,454 | \$176,372,647 | \$174,315,615 | \$171,784,313 | \$159,917,980 |
| _ | | | | | | | |
| Program Revenues Governmental activities: | | | | | | | |
| Charges for services: | | | | | | | |
| General government | 5,938,911 | 6,251,032 | 6,416,850 | 6,264,142 | 4,686,901 | 4,611,471 | 1,908,603 |
| Public safety | 12,705,181 | 13,014,934 | 13,087,372 | 12,400,853 | 11,682,187 | 11,031,998 | 10,393,731 |
| Public works | 4,364,525 | 3,805,739 | 3,891,646 | 2,646,007 | 2,713,258 | 2,627,959 | 2,345,220 |
| Recreation and culture | 1,556,260 | 1,259,373 | 1,405,584 | 1,598,968 | 1,581,607 | 1,472,203 | 1,509,159 |
| Community development | 66,308 | 66,161 | 66,486 | 66,788 | | | |
| Operating grants and contributions | 20,356,292 | 16,524,178 | 16,158,496 | 16,673,481 | 15,746,181 | 15,968,081 | 17,980,993 |
| Capital grants and contributions | 2,531,974 | 2,179,870 | 3,659,169 | 3,479,536 | 3,033,891 | 1,734,008 | 2,822,477 |
| Total governmental activities program revenues | 47,519,451 | 43,101,287 | 44,685,603 | 43,129,775 | 39,444,025 | 37,445,720 | 36,960,183 |
| Business-type activities: | | | | | | | |
| Charges for services: | | | | | | | |
| Sewage disposal system | 28,023,322 | 26,926,202 | 26,867,610 | 26,890,756 | 26,529,842 | 26,045,574 | 25,414,112 |
| Municipal parking system | 10,090,566 | 10,838,270 | 10,289,830 | 9,628,690 | 7,510,354 | 7,642,684 | 7,763,065 |
| Cemetery | 218,688 | 264,255 | 237,564 | 230,716 | 226,631 | 199,760 | 231,304 |
| Golf | 607,922 | 754,995 | 890,190 | 929,266 | 951,923 | 997,177 | 1,014,675 |
| Garbage and rubbish collection | 1,617,717 | 1,378,562 | 1,295,053 | 1,322,111 | 1,315,413 | 1,189,489 | 801,418 |
| Recycling | 3,039,089 | 2,903,092 | 2,816,277 | 2,636,002 | 2,115,917 | 2,138,308 | 1,928,476 |
| Potter Park Zoo | (115) | 553,999 | 471,703 | 558,654 | 505,666 | 436,199 | 426,434 |
| Capital grants and contributions | 196,317 | 183,012 | 1,368,773 | 731,575 | 93,207 | 914,570 | 0 |
| Total business-type activities program revenues Total primary government program revenues | 43,793,506 \$91,312,957 | 43,802,387 \$86,903,674 | 44,237,000 \$88,922,603 | 42,927,770 \$86,057,545 | 39,248,953 \$78,692,978 | 39,563,761 \$77,009,481 | 37,579,484 \$74,539,667 |
| Total primary government program revenues | ψ31,312,331 | ψ00,303,074 | ψ00,322,003 | ψου,υση,υσο | ψ10,032,310 | ψ11,003,401 | ψ14,559,661 |
| Net(Expenses)/Revenues | | | | | | | |
| Governmental activities | (\$113,167,676) | (\$96,119,523) | (\$97,731,928) | | (\$95,729,727) | (\$97,716,348) | , |
| Business-type activities | 253,790 | (366,309) | (5,137,923) | 2,921,014 | 107,090 | 2,941,516 | 4,800,216 |
| Total primary government net expense | (\$112,913,886) | (\$96,485,832) | (\$102,869,851) | (\$90,315,102) | (\$95,622,637) | (\$94,774,832) | (\$85,378,313) |
| General Revenues and Other Changes in Net Ass | eate | | | | | | |
| Governmental activities: | 5015 | | | | | | |
| Taxes | | | | | | | |
| Property Taxes | 38,607,761 | 38,371,105 | 37,506,017 | 36,181,408 | 40,354,088 | 39,571,155 | 39,158,867 |
| Income taxes | 31,168,012 | 28,209,913 | 27,032,176 | 27,435,047 | 27,437,494 | 29,099,955 | 27,596,270 |
| Unrestricted grants and contributions | 28,180,799 | 27,258,536 | 26,817,633 | 26,355,710 | 26,338,413 | 28,198,831 | 28,618,275 |
| Investment earnings | 1,706,572 | 2,483,162 | 1,634,608 | 715,608 | 312,069 | 725,936 | 972,802 |
| Miscellaneous | | , | 774,822 | 104,563 | 2,903,792 | 1,838,895 | 1,946,818 |
| Transfers | 7,420,667 | (3,098,357) | (3,132,465) | (2,123,435) | (2,668,510) | (4,130,144) | (1,925,790) |
| Total governmental activities | 107,083,811 | 93,224,359 | 90,632,791 | 88,668,901 | 94,677,346 | 95,304,628 | 96,367,242 |
| Business-type activities: | | | | | | | |
| Investment earnings | 1,883,034 | 2,815,480 | 1,453,076 | 1,298,407 | 249,855 | 294,425 | 628,797 |
| Miscellaneous | 5,348 | 2,160 | 1,248 | 23,736 | 387,551 | 343,174 | 1,438,488 |
| Transfers | (7,420,667) | 3,098,357 | 3,132,465 | 2,123,435 | 2,668,510 | 3,717,932 | 1,486,240 |
| Total business-type activities | (5,532,285) | 5,915,997 | 4,586,789 | 3,445,578 | 3,305,916 | 4,355,531 | 3,553,525 |
| Total primary government | \$101,551,526 | \$99,140,356 | \$95,219,580 | \$92,114,479 | \$97,983,262 | \$99,660,159 | \$99,920,767 |
| Observation Mad Ass. | | | | | | - | |
| Changes in Net Assets | (\$6 000 00E) | (\$2 por 404) | (67,000,407) | (\$4 E07 045) | (\$1.050.004) | (CO 444 700) | ¢c 100 740 |
| Governmental activities | (\$6,083,865) (5,278,405) | (\$2,895,164) | (\$7,099,137) | | | | |
| Business-type activities Total primary government | (5,278,495) (\$11,362,360) | 5,549,688 \$2,654,524 | (551,134) (\$7,650,271) | 6,366,592 \$1,799,377 | 3,413,006 \$2,360,625 | 7,297,047 \$4,885,327 | 8,353,741 \$14,542,454 |
| rotal phillary government | (ψ11,302,300) | φ2,004,024 | (Ψ1,000,271) | φ1,188,3// | φ∠,500,025 | φ4,000,327 | φ1+,J4Z,434 |
| | | | | | | | |

⁽¹⁾ no discretely presented component units shown
(2) seven years are reported back to the date of GASB 34 implementation

Schedule 3
City of Lansing
Fund Balances, Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)

| | 2008 | 2007 | 2006 | 2005 | Fiscal Year 2004 | 2003 | 2002 |
|--|--------------|--------------|--------------|--------------|---------------------|--------------|--------------|
| General Fund | | | | | | | |
| Reserved | \$1,765,288 | \$1,848,021 | \$2,443,224 | \$2,482,589 | \$1,324,109 | \$945,386 | \$1,145,896 |
| Unreserved | 5,465,164 | 5,036,129 | 4,634,961 | 4,709,909 | 5,606,958 | 5,985,681 | 5,785,171 |
| Total General Fund | 7,230,452 | 6,884,150 | \$7,078,185 | \$7,192,498 | \$6,931,067 | \$6,931,067 | \$6,931,067 |
| All Other Governmental Funds Reserved Unreserved, reported in: | 365,351 | 2,544,339 | 613,533 | 2,139,438 | 3,688,795 | 4,541,303 | 4,898,039 |
| Special revenue funds | 14,716,755 | 14,523,146 | 18,798,291 | 17,635,170 | 17,950,570 | 17,933,354 | 19,123,737 |
| Capital projects funds | 17,862,441 | 18,978,360 | 15,717,371 | 12,563,759 | 15,293,862 | 16,967,327 | 19,447,491 |
| Debt service funds | 256,144 | 144,518 | 88,826 | 4,400 | 0 | 0 | 0 |
| Permanent funds | 1,609,992 | 1,596,939 | 1,577,150 | 1,557,890 | 0 | 0 | 0 |
| Total all other governmental funds | 34,810,683 | 37,787,302 | \$36,795,171 | \$33,900,657 | \$36,933,227 | \$39,441,984 | \$43,469,267 |
| Total all governmental funds | \$42,041,135 | \$44,671,452 | \$43,873,356 | \$41,093,155 | \$43,864,294 | \$46,373,051 | \$50,400,334 |

⁽¹⁾ in 2005 the City's definition for Permanent Funds fund balance changed to "Unreserved" due to the nature of the funds being set up as a reserved fund

⁽²⁾ seven years are reported back to the date of GASB 34 implementation

Schedule 4
City of Lansing
Changes in Fund Balance, Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)

| (modified accrual basis of accounting) | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | | | Fiscal Year | | |
| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| Revenues | | | | | | | |
| Property taxes | \$38,775,722 | \$38,681,928 | \$37,957,773 | \$36,527,417 | \$40,354,088 | \$39,426,786 | \$39,303,237 |
| Income taxes | 31,168,012 | 28,209,913 | 27,032,176 | 27,497,542 | 27,413,270 | 29,159,482 | 27,577,803 |
| Licenses and permits | 1,429,075 | 1,101,550 | 860,647 | 791,655 | 814,989 | 925,455 | 976,332 |
| Intergovernmental | 38,556,616 | 34,699,908 | 34,964,225 | 35,624,372 | 36,312,111 | 36,183,631 | 41,155,183 |
| Charges for services | 19,116,593 | 18,415,612 | 19,436,267 | 17,931,572 | 16,745,202 | 15,522,204 | 15,057,729 |
| Fines and forfeits | 4,090,397 | 4,349,642 | 4,515,951 | 4,351,977 | 4,870,577 | 5,645,029 | 4,383,678 |
| Interest and rents | 1,836,485 | 2,607,388 | 1,710,674 | 720,707 | 357,382 | 823,308 | 1,096,086 |
| Contributions | 10,894,573 | 9,980,854 | 9,385,831 | 8,966,289 | 8,744,295 | 9,255,742 | 8,069,915 |
| Donations from private sources | 326,768 | 114,954 | 549,055 | 126,182 | 22,031 | 376,793 | 85,307 |
| Other revenue | 331,248 | 1,019,476 | 1,082,283 | 1,320,064 | 1,285,903 | 779,115 | 703,332 |
| Total revenues | 146,525,489 | 139,181,225 | 137,494,882 | 133,857,777 | 136,919,848 | 138,097,545 | 138,408,602 |
| Expenditures | | | | | | | |
| General government | 29,209,458 | 28,905,058 | 34,956,037 | 55,746,807 | 54,420,735 | 53,381,289 | 49,156,129 |
| Public safety | 67,715,160 | 65,218,515 | 59,143,629 | 38,121,596 | 40,145,137 | 39,321,853 | 39,290,562 |
| Highways and streets | 14,860,390 | 13,501,747 | 10,879,004 | 10,467,860 | 9,216,004 | 9,776,628 | 9,110,517 |
| Recreation and culture | 8,038,290 | 7,676,600 | 7,509,183 | 5,517,980 | 6,229,014 | 6,555,043 | 6,219,773 |
| Other functions | 11,805,843 | 9,847,925 | 8,259,415 | 8,520,848 | 6,971,380 | 5,725,184 | 8,255,056 |
| Capital outlay | 16,228,127 | 20,001,659 | 13,306,810 | 12,614,723 | 11,917,608 | 15,241,548 | 14,195,769 |
| Debt service | | | | | | | |
| Interest | 1,607,703 | 1,285,436 | 1,145,588 | 1,187,673 | 2,331,276 | 2,625,499 | 2,951,352 |
| Principal | 4,721,581 | 3,875,909 | 3,244,879 | 3,592,766 | 6,874,234 | 6,298,264 | 7,886,020 |
| Total expenditures | 154,186,552 | 150,312,849 | 138,444,545 | 135,770,253 | 138,105,388 | 138,925,308 | 137,065,178 |
| Excess of revenues over (under) expenditures | (7,661,063) | (11,131,624) | (949,663) | (1,912,476) | (1,185,540) | (827,763) | 1,343,424 |
| Other Financing Sources (Uses) | | | | | | | |
| Proceeds from borrowing | 4,052,979 | 15,190,077 | 6,087,507 | 1,784,465 | 570,000 | 1,500,000 | 3,914,787 |
| Proceeds from sale of capital assets | | | 774,822 | 74,565 | 799,497 | 99,434 | 896,818 |
| Transfers in | 13,507,521 | 6,908,259 | 8,170,998 | 8,274,929 | 13,628,444 | 14,083,970 | 16,789,516 |
| Transfers out | (12,529,754) | (10,168,616) | (11,303,463) | (10,398,364) | (16,321,156) | (18,802,923) | (18,715,306) |
| Total other financing sources (uses) | 5,030,746 | 11,929,720 | 3,729,864 | (264,405) | (1,323,215) | (3,119,519) | 2,885,815 |
| Net change in fund balance | (2,630,317) | 798,096 | 2,780,201 | (2,176,881) | (2,508,755) | (3,947,282) | 4,229,239 |
| Debt service as a percentage of | | | | | | | |
| noncapital expenditures | 4.6% | 4.0% | 3.5% | 3.9% | 7.3% | 7.2% | 8.8% |

⁽¹⁾ seven years are reported back to the date of GASB 34 implementation

Schedule 5 City of Lansing
Assessed Value and estimated Actual Value of Taxable Property
Last Eight Fiscal Years

| Fiscal Year Ended June 30, | Residential Property | Commercial Property | Industrial Property | Personal Property Valuation | Total Taxable Assessed Valuation | Total Direct Tax Rate | Estimated Actual Value | Assessed Value as a Percentage of Actual Value |
|-------------------------------------|-------------------------|------------------------|------------------------|-----------------------------------|--|--------------------------------|------------------------------|---|
| 2001 | \$988,356,656 | \$560,554,545 | \$72,068,138 | \$305,623,290 | \$1,926,602,629 | \$16.96 | \$3,853,205,258 | 50.0% |
| 2002 | 1,036,176,015 | 632,166,043 | 138,185,676 | 289,408,415 | 2,095,936,149 | 16.46 | 4,191,872,298 | 50.0% |
| 2003 | 1,088,980,029 | 661,752,030 | 157,367,277 | 303,247,208 | 2,211,346,544 | 15.93 | 4,422,693,088 | 50.0% |
| 2004 | 1,135,019,090 | 686,609,099 | 178,744,095 | 287,439,600 | 2,287,811,884 | 15.93 | 4,575,623,768 | 50.0% |
| 2005 | 1,196,695,728 | 702,969,958 | 175,906,035 | 288,421,700 | 2,363,993,421 | 15.88 | 4,727,986,842 | 50.0% |
| 2006 | 1,266,935,505 | 730,413,466 | 180,564,805 | 251,293,200 | 2,429,206,976 | 15.88 | 4,858,413,952 | 50.0% |
| 2007 | 1,354,989,247 | 728,343,561 | 195,703,073 | 221,858,408 | 2,500,894,289 | 15.88 | 5,001,788,578 | 50.0% |
| 2008 | 1,437,051,392 | 765,233,437 | 192,915,386 | 223,995,750 | 2,619,195,965 | 15.83 | 5,238,391,930 | 50.0% |

⁽¹⁾ tax rates are per \$1,000 of assessed value (2) data available back eight years

Schedule 6 City of Lansing Direct and Overlapping Property tax Rates Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

| Fiscal Year | | City Direct I | Rates | | | Overlappir | ng Rates | | | |
|-------------------|-------------|----------------------|--------------------|-----------------|-------------------|-------------------|--------------------|--------------------|------------------|-------|
| Ended June 30, | Tax Year | Operating Millage | Service Millage | City Millage | County Millage | School Millage | State Education | College Millage | Other Millage | Total |
| 1999 | 1998 | 15.04 | 2.06 | 17.10 | 7.61 | 18.94 | 6.00 | 2.94 | 7.41 | 60.00 |
| 2000 | 1999 | 14.90 | 2.06 | 16.96 | 7.61 | 19.52 | 6.00 | 2.92 | 7.36 | 60.37 |
| 2001 | 2000 | 14.90 | 2.06 | 16.96 | 7.61 | 19.04 | 6.00 | 2.92 | 7.62 | 60.15 |
| 2002 | 2001 | 14.40 | 2.06 | 16.46 | 7.61 | 19.10 | 6.00 | 3.89 | 7.59 | 60.65 |
| 2003 | 2002 | 14.90 | 1.03 | 15.93 | 8.11 | 19.01 | 6.00 | 3.87 | 8.34 | 61.26 |
| 2004 | 2003 | 14.90 | 1.03 | 15.93 | 8.11 | 19.06 | 5.00 | 3.85 | 8.89 | 60.84 |
| 2005 | 2004 | 14.90 | .98 | 15.88 | 8.10 | 20.65 | 6.00 | 3.84 | 8.83 | 63.30 |
| 2006 | 2005 | 14.90 | .98 | 15.88 | 8.18 | 20.40 | 6.00 | 3.81 | 8.78 | 63.04 |
| 2007 | 2006 | 14.95 | .93 | 15.88 | 8.72 | 20.32 | 6.00 | 3.81 | 9.15 | 63.88 |
| 2008 | 2007 | 14.95 | .88 | 15.83 | 8.27 | 20.18 | 6.00 | 3.81 | 9.58 | 63.67 |

⁽¹⁾ rates for Ingham County and Lansing School District only

⁽²⁾ since 1995 this is the Non-homestead rate

⁽³⁾ includes Intermediate School, Airport Authority, Capital Area Transit Authority and Capital Area District Library (began in FY 98)

Schedule 7 City of Lansing Principal Property Tax Payers Last Eight Fiscal Years

| | | 2008 | | | 2007 | | | 2006 | | | 2005 | |
|--|---------------------|------|------------------------------------|---------------------|------|------------------------------------|---------------------|------|------------------------------------|---------------------|------|------------------------------------|
| | Taxable Assessed | | Percentage of Total Assessed |
| Taxpayer | Valuation | Rank | Valuation |
| General Motors | \$134,702,101 | _ | 5.14% | \$133,897,648 | _ | 5.11% | \$161,917,774 | - | 6.85% | \$ 205,316,035 | _ | 8.69% |
| Jackson National Life Insurance Company | 36,738,583 | 7 | 1.40% | 33,130,261 | 7 | 1.26% | 32,393,347 | 2 | 1.37% | 31,901,307 | 7 | 1.35% |
| Delta Township Utilities | 22,415,570 | က | 0.86% | 25,381,733 | က | 0.97% | 12,999,700 | 2 | 0.55% | | | |
| Sonsumers Energy | 22,168,948 | 4 | 0.85% | 21,628,281 | 4 | 0.83% | 21,227,570 | က | 0.90% | 21,840,336 | 2 | 0.92% |
| Michigan Strategic Fund (3) | 19,115,577 | 2 | 0.73% | 18,764,936 | 2 | 0.72% | 18,095,407 | 4 | 0.77% | 17,517,336 | 4 | 0.74% |
| Accident Fund Company | 14,467,925 | 9 | 0.55% | 13,202,404 | 7 | 0.50% | 11,921,155 | 6 | 0.50% | 11,061,457 | 7 | 0.47% |
| Lansing Retail Center LLC | 13,441,453 | 7 | 0.51% | 13,139,375 | ∞ | 0.50% | 12,670,707 | 7 | 0.54% | 12,266,173 | 9 | 0.52% |
| Trappers Cove LTD Partners | 12,854,463 | ∞ | 0.49% | 12,565,459 | 6 | 0.48% | 12,117,127 | 80 | 0.51% | 11,730,037 | 6 | 0.50% |
| Spectrum L.P. | 10,693,700 | 6 | 0.41% | 14,526,841 | 9 | 0.55% | 12,932,365 | 9 | 0.55% | 14,089,100 | ∞ | 0.60% |
| of the City Assoc | 10,527,474 | 10 | 0.40% | 10,290,786 | 10 | 0.39% | 9,923,613 | 10 | 0.42% | 9,606,596 | 10 | 0.41% |
| 525 Redevco Inc Cricket Communications Victor IV Partnership State of Mirchigan | | | | | | | • | | | 26,573,652 | ო | 1.12% |
| State of Michigan | | | | | | | | | | | | |

⁽¹⁾ data furnished from City of Lansing Assessor (2) data available back eight years (3) formerly Capital Outlook LLC

Schedule 7 City of Lansing Principal Property Tax Payers Last Eight Fiscal Years

| | | 2004 | | | 2003 | | | 2002 | | | 2001 | |
|---|----------------|------|---------------------|---------------|------|------------------------|---------------|------|---------------------|----------------|------|------------------------|
| | Total | | Percentage of Total | Total | _ | Percentage of Total | Total | | Percentage of Total | Total | | Percentage of Total |
| Taxpayer | Valuation | Rank | Valuation | | Rank | Valuation | Valuation | Rank | Valuation | Valuation | Rank | Valuation |
| General Motors | \$ 223,100,800 | ~ | 9.75% | \$228,595,000 | _ | 10.34% | \$216,957,400 | _ | 10.35% | \$ 210,124,000 | - | 10.91% |
| Jackson National Life Insurance Company | 31,786,400 | 7 | 1.39% | 27,653,500 | 7 | 1.25% | 33,398,500 | 7 | 1.59% | 41,238,000 | 7 | 2.14% |
| Delta Township Utilities | | | | | | | | | | | | |
| Consumers Energy | 22,043,400 | 2 | %96:0 | 21,326,600 | 2 | %96:0 | 28,554,300 | က | 1.36% | 20,779,800 | က | 1.08% |
| Michigan Strategic Fund (3) | 23,029,300 | 4 | 1.01% | 23,811,500 | 4 | 1.08% | 20,900,100 | 2 | 1.00% | 18,805,600 | 4 | 0.98% |
| Accident Fund Company | 13,724,200 | 7 | %09:0 | 13,108,100 | 7 | 0.59% | 12,815,200 | 7 | 0.61% | 11,181,300 | 80 | 0.58% |
| Lansing Retail Center LLC | 15,544,200 | 9 | 0.68% | 14,750,900 | 9 | 0.67% | 14,584,800 | 9 | 0.70% | 13,311,200 | 9 | %69.0 |
| Trappers Cove LTD Partners | 13,198,200 | 10 | 0.58% | 12,881,700 | 80 | 0.58% | 12,364,300 | 00 | 0.59% | 12,364,300 | 7 | 0.64% |
| Sprint Spectrum L.P. | 13,454,600 | 00 | 0.59% | 11,877,000 | 6 | 0.54% | | | | | | |
| Heart of the City Assoc | | | | 11,438,900 | 10 | 0.52% | 11,593,000 | 6 | 0.55% | 10,461,800 | 6 | 0.54% |
| 525 Redevco Inc | 25,976,200 | က | 1.14% | 26,854,700 | က | 1.21% | 24,586,400 | 4 | 1.17% | 10,000,000 | 10 | 0.52% |
| Cricket Communications | 13,391,600 | 6 | 0.59% | | | | | | | | | |
| Victor IV Partnership | | | | | | | 9,408,300 | 10 | 0.45% | | | |
| State of Michigan | | | | | | | | | | 16,488,900 | 2 | 0.86% |

⁽¹⁾ data furnished from City of Lansing Assesss (2) data available back eight years (3) formerly Capital Outlook LLC

Schedule 8 City of Lansing Property Tax Levies and Collections Last Ten Fiscal Years

| | | Collected with Fiscal Year of the | | | Total Collection | ons to Date |
|--------|--|-----------------------------------|---------------------------------|---------------------------------|----------------------------|--|
| 30-Jun | Taxes Levied for the Fiscal Year | Current Tax Collection | Percent of Levy Collected | Delinquent Tax Collection | Total Tax Collection | Collections as a Percent of Levy |
| 1999 | \$34,984,481 | \$34,887,287 | 99.72% | \$70,749 | \$34,958,036 | 99.92% |
| 2000 | 35,027,907 | 34,886,808 | 99.60% | 48,074 | 34,934,882 | 99.73% |
| 2001 | 35,547,497 | 35,330,288 | 99.39% | 18,522 | 35,348,810 | 99.44% |
| 2002 | 36,357,748 | 36,208,985 | 99.59% | 59,625 | 36,268,610 | 99.75% |
| 2003 | 37,310,656 | 37,041,662 | 99.28% | (97,842) | 36,943,820 | 99.02% |
| 2004 | 38,267,514 | 37,826,436 | 98.85% | 58,255 | 37,884,691 | 99.00% |
| 2005 | 40,051,303 | 39,429,093 | 98.45% | 137,727 | 39,566,820 | 98.79% |
| 2006 | 41,261,397 | 41,022,735 | 99.42% | 77,747 | 41,100,483 | 99.61% |
| 2007 | 42,627,042 | 42,516,696 | 99.74% | 91,605 | 42,608,301 | 99.96% |
| 2008 | 44,286,657 | 44,125,517 | 99.64% | 62,274 | 44,187,791 | 99.78% |

⁽¹⁾ net of chargebacks from the County Tax Revolving Funds for taxes still delinquent after three years (2) data furnished from City of Lansing Treasurer

Schedule 9 City of Lansing Ratios of Outstanding Debt by Type Last Ten Fiscal Years

| | | population | 127,400 | 119,100 | 119,100 | 119,100 | 119,100 | 119,100 | 119,100 | 119,100 | 119,100 | 119,100 |
|---------------------------------|------------------------|------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Per | Capita | 1,599 | 1,544 | 1,538 | 1,691 | 1,677 | 2,126 | 2,050 | 2,073 | 2,105 | 2,216 |
| | Percentage of Personal | Income | 8.92% | 8.61% | 8.58% | 9.44% | 9.37% | 11.88% | 11.46% | 11.59% | 11.77% | 12.40% |
| | Total Primary | Government | \$ 203,721,000 | 183,861,000 | 183,124,000 | 201,401,000 | 199,728,357 | 253,248,042 | 244,214,134 | 246,939,974 | 250,657,280 | 263,921,415 |
| | | Loans | ا ج | • | • | • | • | 4,179,649 | 4,180,000 | 4,180,000 | 4,180,000 | 4,180,000 |
| ties | Lease | Purchases | \$ 18,000 | • | • | • | • | • | • | • | • | • |
| Business-Type Activities | Revenue | Bonds | \$ 105,595,000 | 101,800,000 | 97,845,000 | 32,705,000 | 29,230,000 | 55,375,000 | 51,710,000 | 47,905,000 | 43,955,000 | 41,125,000 |
| Busir | General Obligation | Bonds | \$ 41,411,000 | 49,330,000 | 55,069,000 | 123,022,000 | 129,302,048 | 158,303,225 | 165,029,785 | 168,824,004 | 165,173,386 | 182,419,608 |
| | | Loans | \$ 151,000 | • | 020,000 | 650,000 | 534,329 | 408,283 | 1,543,195 | 1,409,844 | 1,772,049 | 1,534,822 |
| ctivities | Lease | Purchases | \$12,733,000 | 11,501,000 | 12,135,000 | 11,266,000 | 11,043,847 | 9,858,752 | 8,396,154 | 7,351,126 | 15,721,844 | 14,037,885 |
| Governmental Activities | Special Assessment | Debt | ઝ | | | | 65,000 | | | | | |
| OS GO | General Obligation | Bonds | \$43,643,000 | 21,090,000 | 17,310,000 | 33,668,000 | 29,553,133 | 25,078,133 | 13,320,000 | 17,245,000 | 19,845,000 | 20,624,100 |
| • | Fiscal | Year | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2002 | 2006 | 2007 | 2008 |

(1) population per decennial census by the U.S. Census Bureau (2) personal income data comes from U.S. Census Bureau, American Community Survey 2005

Schedule 10 City of Lansing Ratios of General Bonded Debt Outstanding Last Eight Fiscal Years

| Fiscal Year Ended 30-Jun | Population(1) | Taxable Value(3) | Gross Bonded Debt(2) | Debt Service Monies Available | Debt Payable From Enterprise Revenues & Special Assessments | Net Bonded Debt | Ratio of Net Bonded Debt to Taxable Value | Net Bonded Debt per Capita |
|-----------------------------------|---------------|---------------------|-------------------------|--|---|--------------------|---|-------------------------------------|
| 2001 | 119,128 | \$ 1,926,602,629 | \$ 128,819,227 | \$ 266,393 | \$ 93,171,094 | \$ 35,381,740 | 0.0184 | \$297 |
| 2002 | 119,128 | 2,095,936,149 | 135,999,133 | 28,496 | 102,232,751 | 33,737,886 | 0.0161 | 283 |
| 2003 | 119,128 | 2,211,346,544 | 140,043,000 | 7,524 | 110,419,899 | 29,615,577 | 0.0134 | 249 |
| 2004 | 119,128 | 2,287,811,884 | 166,581,000 | 42,852 | 145,505,724 | 21,032,424 | 0.0092 | 177 |
| 2005 | 119,128 | 2,363,993,421 | 178,349,785 | 4,400 | 165,029,785 | 13,315,600 | 0.0056 | 112 |
| 2006 | 119,128 | 2,429,206,976 | 186,094,004 | 88,826 | 168,849,004 | 17,156,174 | 0.0071 | 144 |
| 2007 | 119,128 | 2,500,894,289 | 185,028,386 | 309,363 | 165,183,386 | 19,535,637 | 0.0078 | 164 |
| 2008 | 119,128 | 2,619,195,965 | 203,043,708 | 256,144 | 182,419,608 | 20,367,956 | 0.0078 | 171 |

- (1) population per decennial census by the U.S. Census Bureau
- (2) includes all general obligation debt and special assessment debt with governmental obligation
 (3) the tax assessment day is December 31 prior to beginning of fiscal year
 (4) data available back eight years

Schedule 11 City of Lansing Direct and Overlapping Governmental Activities Debt As of June 30, 2008

| Name of Governmental Unit | Obli | Net General gation Bonded Debt Dutstanding | % Applicable to City | Amount Applicable to City |
|-------------------------------------|------|---|----------------------|---------------------------------|
| Direct - City | \$ | 23,657,724 (1) | 100.00% | \$ 23,657,724 |
| Overlapping | | | | |
| Eaton Intermediate School District | | 1,635,000 | 1.66% | \$ 27,141 |
| Waverly School District | | 40,095,000 | 0.26% | 104,247 |
| Lansing School District | | 66,065,000 | 83.99% | 55,487,994 |
| East Lansing School District | | 76,007,717 | 4.05% | 3,078,313 |
| Holt School District | | 101,061,231 | 2.82% | 2,849,927 |
| Ingham Intermediate School District | | - | 26.11% | - |
| Ingham County | | 32,526,783 | 30.13% | 9,800,320 |
| Eaton County | | 28,740,249 | 2.71% | 778,861 |
| Lansing Community College | | 67,995,000 | 22.01% | 14,965,700 |
| Okemos School District | | 40,657,000 | 3.01% | 1,223,776 |
| Grand Ledge | | 81,590,000 | 3.33% | 2,716,947 |
| Total Overlapping Debt | | | | 91,033,223 |
| Total Direct and Overlapping Debt | | | | \$ 114,690,948 |

excluding general obligation bonds reported in the enterprise funds, special assessment debt with government commitment and amount available for repayment in the debt service fund

Legal Debt Margin Calculation for Fiscal Year 2008

| \$230,844,503 | ı | Legal debt margin |
|-----------------|---------------|---|
| 87,966,365 | ı | Total net debt applicable to limit |
| (170,668,708) | (120,679,608) | Pollution Abatement (CSO Project) Bonds |
| | (41,125,000) | Sewage Disposal Revenue Bonds |
| | (8,864,100) | Michigan Transportation (MTF) Bonds |
| | • | Special Assessment Bonds |
| | | Less: |
| 258,635,073 | | |
| 6,789,769 | • | TIF Supported Bonds |
| 2,060,000 | | Brownfield Redevelopment Authority |
| 5,438,462 | | Joint Building Authority-County Issued |
| 178,134 | | Drain Commission-County Issued |
| | | Add City Share: |
| 244,168,708 | | Total City Bonded Debt |
| | | Debt applicable to limit |
| 318,810,868 | | Debt limitation - 10 percent of total valuation |
| | | Legal debt margin |
| 3,188,108,680 | | Total valuation |
| 168,330,250 | • | Assessed value equivalents |
| \$3,019,778,430 | | Assessed value, real and personal property |

| | | | Fiscal Year | | | | | | | |
|--|-----------------------------|-----------------------------|---------------|---------------|--|---------------|---------------|---------------|---|---------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Debt limit | \$205,063,128 \$212,623,130 | \$212,623,130 | \$237,216,205 | \$256,314,667 | \$273,340,110 | \$289,486,027 | \$302,811,105 | \$314,307,611 | \$237,216,205 \$256,314,667 \$273,340,110 \$289,486,027 \$302,811,105 \$314,307,611 \$324,987,531 \$318,810,868 | \$318,810,868 |
| Total net debt applicable to limit | 100,429,777 | 100,429,777 85,744,355 | 81,504,924 | 73,872,709 | 81,504,924 73,872,709 70,893,614 87,171,139 75,882,359 103,095,986 | 87,171,139 | 75,882,359 | 103,095,986 | 84,276,312 | 87,966,365 |
| Legal debt margin | \$104,633,351 | \$104,633,351 \$126,878,775 | \$155,711,281 | \$182,441,958 | \$202,446,496 | \$202,314,888 | \$226,928,746 | \$211,211,625 | \$155,711,281 \$182,441,958 \$202,446,496 \$202,314,888 \$226,928,746 \$211,211,625 \$240,711,219 \$230,844,503 | \$230,844,503 |
| Total net debt applicable to the limit as a percentage of debt limit | 48.98% | 40.33% | 34.36% | 28.82% | 25.94% | 30.11% | 25.06% | 32.80% | 25.93% | 27.59% |

Schedule 13 City of Lansing Pledged-Revenue Coverage Last Ten Fiscal Years

Sewage Disposal Bonds

| | Octrage Disposar Borius | | | | | | | |
|------|-------------------------|---------------------|------------------------------|-------------|--------------|--------------|-------------|--|
| | Gross | Direct Operating | Net Revenue Available for | Debt | | | | |
| | Revenue | Expenses(2) | Debt Service | Principal | Interest | Total | Coverage(1) | |
| 1999 | \$21,107,381 | \$ 9,996,022 | \$ 11,111,359 | \$2,370,000 | \$ 2,492,280 | \$ 4,862,280 | 2.29 | |
| 2000 | 21,623,804 | 10,528,286 | 11,095,518 | 2,180,000 | 1,656,475 | 3,836,475 | 2.89 | |
| 2001 | 24,193,795 | 10,574,104 | 13,619,691 | 3,065,000 | 1,976,600 | 5,041,600 | 2.70 | |
| 2002 | 25,841,763 | 10,592,681 | 15,249,082 | 3,190,000 | 1,854,090 | 5,044,090 | 3.02 | |
| 2003 | 26,963,775 | 11,209,711 | 15,754,064 | 3,320,000 | 1,723,253 | 5,043,253 | 3.12 | |
| 2004 | 26,196,518 | 11,543,509 | 14,653,009 | 3,475,000 | 1,723,253 | 5,198,253 | 2.82 | |
| 2005 | 26,601,646 | 12,775,001 | 13,826,645 | 3,715,000 | 1,786,328 | 5,501,328 | 2.51 | |
| 2006 | 27,932,464 | 12,867,761 | 15,064,703 | 3,805,000 | 2,036,736 | 5,841,736 | 2.58 | |
| 2007 | 29,292,698 | 13,494,658 | 15,798,040 | 3,950,000 | 2,152,990 | 6,102,990 | 2.59 | |
| 2008 | 29,356,299 | 15,998,551 | 13,357,748 | 2,830,000 | 2,002,400 | 4,832,400 | 2.76 | |

⁽¹⁾ coverage is defined as net revenue available for debt service divided by debt service requirements

⁽²⁾ operating expenses less depreciation

Schedule 14
City of Lansing
Demographic and Economic Statistics
Last Ten Fiscal Years

| Year | Population(1) | Personal Income | P | er capita ersonal come(5) | Median Age(2) | School Enrollment(3) | Unemployment % Rate(4) | Labor Force(4) |
|------|---------------|--------------------|----|---------------------------------|------------------|-------------------------|---------------------------|-------------------|
| 1999 | 127,400 | \$ 2,284,282,000 | \$ | 17,930 | 31.88 | 18,443 | 4.2 | 66,550 |
| 2000 | 119,100 | 2,134,748,400 | | 17,924 | 31.40 | 17,836 | 4.7 | 68,300 |
| 2001 | 119,100 | 2,134,036,817 | | 17,918 | 31.56 | 17,586 | 4.5 | 67,725 |
| 2002 | 119,100 | 2,133,325,472 | | 17,912 | 31.72 | 17,490 | 5.6 | 67,700 |
| 2003 | 119,100 | 2,132,614,363 | | 17,906 | 31.88 | 17,600 | 6.7 | 65,325 |
| 2004 | 119,100 | 2,131,903,492 | | 17,900 | 32.04 | 16,927 | 7.0 | 63,750 |
| 2005 | 119,100 | 2,131,192,857 | | 17,894 | 32.20 | 16,201 | 9.0 | 68,041 |
| 2006 | 119,100 | 2,130,460,800 | | 17,888 | 32.36 | 16,014 | 8.4 | 67,023 |
| 2007 | 119,100 | 2,129,750,646 | | 17,882 | 32.52 | 15,178 | 8.9 | 66,224 |
| 2008 | 119,100 | 2,129,040,730 | | 17,876 | 32.68 | 14,475 | 10.3 | 65,833 |

⁽¹⁾ population per decennial census by the U.S. Census Bureau

^{(2) 2000} data from U.S. Census Bureau. Data for other years estimated by City of Lansing Finance Department

⁽³⁾ annual school census from the Lansing School District

⁽⁴⁾ Michigan Department of Career Development: Employment Service Agency - Labor Market Information

⁽⁵⁾ personal income for 2000 and 2005 from the U.S.Census Bureau. The other years were extrapolated from 2000 and 2005

Schedule 15 City of Lansing Principal Employers, June 30,

| | | 2008 | | 2007 | | 2006 | | | |
|--------------------------------|------------------|------|--------------------------|-----------|------|--------------------------|-----------|------|--------------------------|
| | | | Percentage of Total City | | | Percentage of Total City | | | Percentage of Total City |
| Employer | Employees (1) | Rank | Employment (2) | Employees | Rank | Employment | Employees | Rank | Employment |
| State of Michigan | 14,355 | 1 | 6.52% | 13,000 | 1 | 5.65% | 14,355 | 1 | 6.09% |
| Michigan State University | 10,500 | 2 | 4.77% | 10,500 | 2 | 4.56% | 10,500 | 2 | 4.45% |
| General Motors | 6,300 | 3 | 2.86% | 6,000 | 3 | 2.61% | 6,300 | 3 | 2.67% |
| Sparrow Health System | 6,000 | 4 | 2.72% | 6,000 | 4 | 2.61% | 6,000 | 4 | 2.54% |
| Lansing Community College | 3,180 | 5 | 1.44% | 3,800 | 5 | 1.65% | 3,180 | 5 | 1.35% |
| Ingham Regional Medical Center | 2,500 | 6 | 1.13% | 2,500 | 7 | 1.09% | 2,500 | 6 | 1.06% |
| Lansing School District | 2,106 | 7 | 0.96% | 3,000 | 6 | 1.30% | 2,106 | 7 | 0.89% |
| Meijer | 2,000 | 8 | 0.91% | 2,000 | 8 | 0.87% | 2,000 | 8 | 0.85% |
| Auto Owners Insurance | 1,500 | 9 | 0.68% | | | | 1,500 | 9 | 0.64% |
| Peckham, Inc. | 1,400 | 10 | 0.64% | | | | 1,400 | 10 | 0.59% |
| U.S. Post Office | | | | 1,300 | 9 | 0.57% | | | |
| Ingham County | | | | 1,200 | 10 | 0.52% | | | |

⁽¹⁾ data is representative of the Greater Lansing Region(2) based on a Greater Lansing Region employment of 220,300(3) data available back three years only

Schedule 16 City of Lansing Full-time Equivalent City Governmental Employees by Function/Program June 30,

| Function/Program | 2008 | 2007 | 2006 |
|--------------------------------------|-------|------------------------|-------|
| General Government | | | |
| City Council | 11 | 11 | 11 |
| Mayor's Office | 5 | 5 | 7 |
| City Clerk | 7 | 7 | 7 |
| 54-A District Court | 53 | 55 | 55 |
| City Attorney's Office | 12 | 12 | 11 |
| City TV | 2 | 2 | 2 |
| Internal Auditor | 1 | 1 | 2 |
| Human Resources | 14 | 14 (1) | 12 |
| Finance | | | |
| Accounting/Budget/Purchasing | 16 | 18 ⁽¹⁾ | 21 |
| Tax Services | 26 | 29 | 30 |
| Information Technology | 18 | 18 | 18 |
| Property Management | 24 | 26 ⁽³⁾ | 28 |
| Fleet Management | 33 | 37 (2) | 20 |
| | 117 | 128 | 117 |
| Planning & Neighborhood Development | | | |
| Administration | 2 | 2 | 2 |
| Code Compliance | 17 | 19 | 15 |
| Building Safety | 15 | 16 | 17 |
| Planning | 5 | 7 | 7 |
| Development | 10 | 10 | 11 |
| Parking & Transportation | 41 | 43 | 49 |
| | 90 | 97 | 101 |
| | | | |
| Police | 341 | 338 | 339 |
| Fire | 219 | 219 | 220 |
| | | | |
| Public Services | | | |
| Administration & Engineering | 18 | 18 | 19 |
| Operations & Maintenance | 113 | 119 | 122 |
| Service Garage | - | - (2) | 17 |
| Wastewater | 50 | 51_ | 61 |
| | 181 | 188 | 219 |
| | | | |
| Human Relations & Community Services | 8 | 9 | 9 |
| | | | |
| Parks & Recreation | | • | |
| Administration & Design | 8 | 8 32 ⁽²⁾ | 9 |
| Grounds & Forestry | 32 | 02 | 32 |
| Leisure & Special Recreation | 17 | 19 ⁽³⁾ | 20 |
| Cemeteries | 4 | 5 | 5 |
| Golf/Ice Arena | 4 | 4 | 6 |
| Zoo ⁽⁴⁾ | | 18 | 19 |
| | 65 | 86 | 91 |
| | 1,126 | 1,172 | 1,203 |

In FY 2007, the following restructuring of departments occurred:

Data available back three years only

⁽¹⁾ A payroll position was transferred from Finance to Human Resources (2) Operations of the City's three fleet garages was consolidated in Finance

⁽³⁾ Four custodial positions were transferred from Parks & Recreation to Finance

 $^{^{\}rm (4)}$ On July 1, 2007, Potter Park Zoo employees were transferred to Ingham County

Schedule 17 **City of Lansing** Operating Indicators by Function/Program Fiscal Year ended June 30,

| Function/Program | 2008 | 2007 | 2006 |
|--------------------------------------|---------------|---------------|---------------|
| Public Safety | | | |
| Fire Department responses | 15,780 | 15,267 | 14,869 |
| EMS related | 13,151 | 12,779 | 12,152 |
| Fire related | 2,629 | 2,488 | 2,117 |
| Police Department responses | 87,634 | 97,466 | 87,551 |
| Arrests | 12,810 | 13,260 | 7,479 |
| Traffic violations | 25,398 | 29,047 | 30,948 |
| Public Works | | | |
| Potholes filled | 40,790 | 28,122 | 36,522 |
| Streets resurfaced (miles) | 20.92 | 22.11 | 27.16 |
| Recreation | | | |
| Recreation participation | 37,783 | 41,069 | 38,878 |
| Pavilion rentals | 300 | 587 | 602 |
| Sewage Disposal | | | |
| Average amount processed daily (gal) | 16.73 million | 16.00 million | 15.00 million |
| Parking System | | | |
| Average number of monthly permits | 4,059 | 3,905 | 4,073 |
| Parking tickets issued | 57,153 | 75,637 | 82,221 |
| Cemetery | | | |
| Lots sold | 98 | 114 | 104 |
| Golf | | | |
| Annual rounds played | 43,605 b | 59,244 | 57,256 |
| Garbage and Rubbish | | | |
| Yards sent to landfill | 29,869 | 30,402 | 30,517 |
| Recycling | | | |
| Recycled goods sold (tons) | 2,818 | 2,269 | 2,441 |
| Yards composted | 21,928 | 17,189 | 21,304 |
| Potter Park Zoo | | | |
| Annual attendance | N/A a | 99,364 | 96,659 |

data available back three years only

a. Zoo operations were transferred to Ingham County in FY2008b. Two municipal golf courses were non-operational in 2008

Schedule 18
City of Lansing
Capital Asset Statistics by Function/Program
June 30,

| Function/Program | 2008 | | 2007 | 2006 |
|--------------------------|----------|-----|----------|----------|
| Public Safety | | | | |
| Police Stations | ; | 3 | 3 | 3 |
| Police Patrol Units | 58 | 3 | 55 | 55 |
| Fire Stations | Ç | 9 | 9 | 9 |
| Public Works | | | | |
| Streets (miles) | 410.15 | 5 | 410.15 | 409.89 |
| Traffic signals | 203 | 3 | 188 | 194 |
| Recreation | | | | |
| Park acreage | 2,422.63 | 3 | 2,219.63 | 2,219.63 |
| Playgrounds | 82 | 2 | 80 | 76 |
| Baseball/softball fields | 6 | 1 | 61 | 61 |
| Soccer/football fields | (| 3 | 6 | 6 |
| Community centers | 4 | 4 | 4 | 4 |
| Sewage Disposal | | | | |
| Sanitary sewers (miles) | 347.4 | 4 | 341.0 | 338.0 |
| Storm sewers (miles) | 225.1 | 1 | 220.0 | 217.0 |
| Combined sewers (miles) | 197.4 | 4 | 203.0 | 208.0 |
| Parking System | | | | |
| Ramps | (| 3 | 6 | 5 |
| Lots | 15 | 5 | 15 | 15 |
| Meters | 2,489 | 9 | 2489 | 2,489 |
| Cemetery | | | | |
| Number of cemeteries | | 3 | 3 | 3 |
| Golf | | | | |
| Number of courses | • | 1 b | 3 | 3 |
| Acreage | 115 | 5 b | 318 | 318 |
| Garbage and Rubbish | | | | |
| Refuse collection trucks | 2 | 1 | 21 | 20 |
| Recycling | | | | |
| Recycling trucks | 10 |) | 10 | 10 |
| Potter Park Zoo | | | | |
| Number of animals | N/A | а | 398 | 403 |

data available back three years only

a. Zoo operations were transferred to Ingham County in FY2008

b. Two municipal golf courses were non-operational in 2008